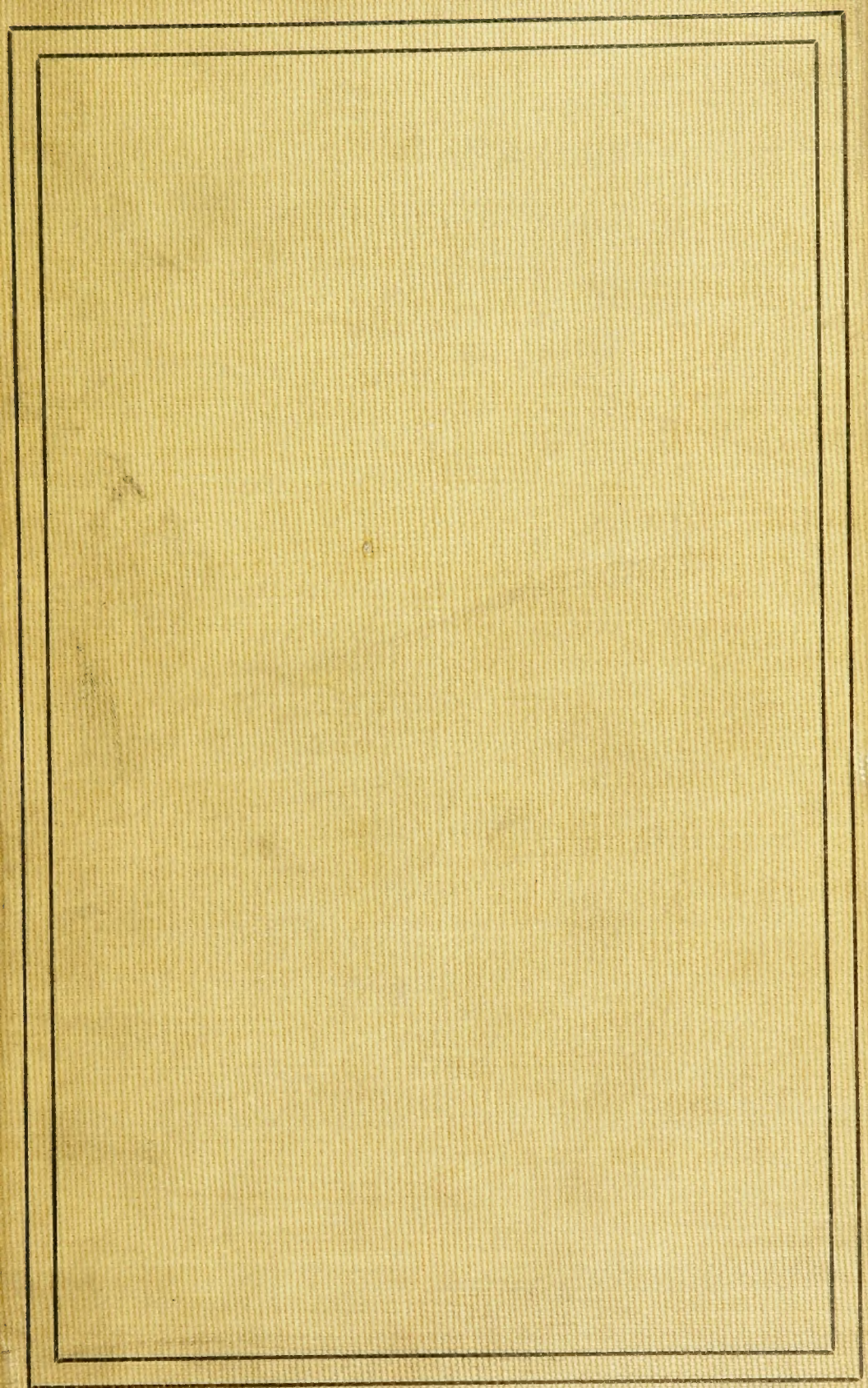




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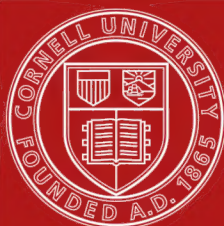
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TARIFF SCHEDULES

HEARINGS

BEFORE THE

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

VOL. V

SCHEDULES M AND N

INDEX IN FINAL VOLUME

WASHINGTON
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Salomon & Phillips, New York, N. Y., sealskins and moroccos.....	5487
Salvation Match Co., New York, N. Y., matches.....	5258, 5282
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Schlesinger & Co., New York, N. Y., toys, tinware, etc.....	5218
Schloss Co., New York, N. Y., buttons.....	5164
Schneider, W. A., New York, N. Y., button forms.....	5091
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Turkeltaub & Son, New York, N. Y., vegetable ivory buttons.....	5116
Union Cap & Fuse Co., Cleveland, Ohio, blasting caps.....	5301
Union Lock-Stitch Co., East Boston, Mass., shoes.....	5594
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United Hatters of North America, Local No. 8, Brooklyn, N. Y., hats.....	5394
United Ocean Pearl Manufacturers' Association, Arlington, N. J., pearl buttons.....	5146
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Vallorbes Jewel Co., Lancaster, Pa., precious stones.....	5444
Vanderhoef, H. B., New York, N. Y., straw hats, etc.....	4987
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Wild, Joseph, & Co., New York, N. Y., matting.....	5690
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Wilkins Toy Co., Keene, N. H., toys.....	5217
Winchester Repeating Arms Co., New Haven, Conn., cartridges, cartridge shells, etc.....	5306
Woll & Sons' Feather Co., Philadelphia, Pa., bed feathers, etc.....	5352
Wood Co., brushes.....	5070

SCHEDULE M.
PULP, PAPERS, AND BOOKS.

SCHEDULE M.—PULP, PAPERS, AND BOOKS.

COMMITTEE OF WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
January 17, 1913.

The committee met at 10 o'clock a. m., Hon. Oscar W. Underwood (chairman) presiding.

Present with the chairman: Messrs. Harrison, Brantley Shackelford Kitchin Rainey Dixon Hull, Hammond, Peters, Palmer, Ansberry, Payne, Dalzell, Hill, Needham, Fordney, and Longworth.

The CHAIRMAN. The committee will come to order. We will start in on the paper schedule. I find that there are 23 witnesses on this calendar to be heard on the paper schedule, and I want to give them a chance to be heard to-day, so I would like to limit, if it is agreeable to the committee, each of these witnesses to 10 minutes. Now, I want to say to the witnesses that if there are several of them here on the same proposition and they want to combine the time of two or three of them and give a man a chance to make a longer speech here, the committee will allow that. But if not, their witnesses will be confined to 10 minutes each.

TESTIMONY OF THOMAS O. MARVIN, SECRETARY OF THE HOME MARKET CLUB, OF BOSTON.

The witness was duly sworn by the chairman.

Mr. MARVIN. Mr. Chairman and gentlemen of the committee: Under the first tariff act of the United States Government, paper was placed on the dutiable list at a rate of $7\frac{1}{2}$ per cent ad valorem, for the encouragement and protection of the manufacture of this commodity. At the outbreak of the Revolution there were three mills in Massachusetts and one in Rhode Island. In 1776 a mill in Connecticut manufactured paper for the use of the Hartford Press, and produced in addition much of the writing paper used in the colonies. Pennsylvania is credited with the first paper mill in the country, which was built at Roxboro about 1693. The second mill was built at Elizabeth, N. J., in 1728, and the third in Milton, Mass., during the same year. The manufacture of paper in the colonies reached sufficient proportions to form the basis of one of the complaints of the British Board of Trade in 1731 and 1732 against the development of manufactures in America.

It seemed to the fathers of the country a wise and natural thing to do to place a duty on the imports of foreign-made paper in the first Federal tariff bill which was ever framed, a bill which was constructed, as stated by Mr. Hartley, a Representative from Pennsylvania, on the idea that—

the fostering hand of the General Government should extend to all those manufactures that will tend to national utility.

Probably James Madison had the paper industry, among others, in mind when he said during the debate on the first tariff act:

The States that are the most advanced in population and ripe for manufactures ought to have their particular interests attended to in some degree. While those States retained the power of making regulations of trade they had the power to protect and cherish such institutions. By adopting the present Constitution they have thrown this power into other hands; they must have done this with the expectation that those interests would not be neglected.

The first Congress of the United States did not neglect the paper industry, for in its wisdom it imposed a duty of $7\frac{1}{2}$ per cent on imports of paper, which in those days, when the difficulties of ocean transportation amounted to a natural protection of from 20 to 30 per cent, was not so small a degree of protection as it seems.

The framers of our early tariff laws did not proceed on the theory that the only object of a tariff act was for the purpose of raising revenue. The preamble of the act of July 4, 1789, our first tariff law, declared that the purpose of the act was—

or the discharge of the debts of the United States, and the encouragement and protection of manufactures.

This act was signed by George Washington, who presided at the convention which adopted the Constitution, and he definitely approved the policy of protection when he said:

Congress have repeatedly directed their attention to the encouragement of manufactures. The object is of too much consequence not to insure a continuance of their efforts in every way which shall appear eligible.

It was approved by Jefferson, who said:

Experience has taught me that manufactures are now as necessary to our independence as to our comfort,

and asked,

Shall we suppress the impost and give that advantage to foreign over domestic manufactures?

It was approved by Madison, who said:

It will be worthy the just and provident care of Congress to make such alterations in the tariff as will more especially protect and foster the several branches of manufacture.

It was approved by Monroe, who said:

Our manufactures require the systematic and fostering care of the Government. Equally important is it to provide at home a market for our raw materials.

It was approved by Andrew Jackson, who said:

The great materials of our national defense ought to have extended to them adequate protection, that our manufacturers and laborers may be placed in fair competition with those of Europe.

Such was the policy adopted by the founders of the Government and the framers of the Constitution, and they based it upon the constitutional provisions which empowered Congress—

to lay and collect taxes, duties, imposts, and excises; to regulate commerce with foreign nations, and to legislate for the general welfare.

Up to the time when the Union was formed and the States surrendered to the Federal Government all control over import duties, many of the States had their own tariff laws for raising revenue and encouraging industry, and when they transferred this function to the Federal Government they transferred both the power to raise

revenue and protect industries. Madison admitted that the powers which the States had had of protecting their industries had been thrown, by the adoption of the Constitution, into other hands, with the expectation that those interests would not be neglected by Congress. While they retained that power they succeeded in developing some establishments which, he said—

ought not to perish from the alteration which has taken place; it would be cruel to neglect them and divert their industry to other channels.

Andrew Jackson contended that the right which the States had possessed of fostering industries had not become extinguished when he said:

The right to adjust duties with a view to the encouragement of domestic branches of industry, if not possessed by the General Government, must become extinct, and our political system would present the anomaly of a people stripped of their right to foster their own industry and to counteract the selfish and destructive policy which might be adopted by other nations.

It was under the exercise of this right to protect manufactures, which the States had possessed and which they transferred to the Federal Government, that the following duties have been levied on imports of paper:

Act of July 4, 1789: $7\frac{1}{2}$ per cent.

Act of August 10, 1790: $7\frac{1}{2}$ per cent.

Act of May 2, 1792: Paper hangings, 15 per cent.

Act of June 7, 1794: Sheathing and cartridge paper, 5 per cent.

Act of April 27, 1816: Paper of every description, 30 per cent.

Act of May 22, 1824: Paper hangings, 40 per cent; sheathing paper, 3 cents per pound; printing paper, 10 cents per pound; other paper 15 cents to 20 cents per pound.

Act of August 30, 1842: Bank paper, 17 cents per pound; writing paper, 15 cents per pound; sheathing paper, 3 cents per pound; paper envelopes, 30 per cent.

Act of July 30, 1846: Manufactures of paper, 30 per cent.

Act of March 3, 1857: Manufactures of paper, 24 per cent.

Act of March 2, 1861: Manufactures of paper, 30 per cent.

Act of July 14, 1862: Manufactures of paper, 35 per cent.

Act of June 6, 1872: Paper manufactures excepting unsized printing paper, $31\frac{1}{2}$ cents.

Act of March 3, 1883: Paper sized or glued, 20 per cent; printing paper, 15 per cent; sheathing paper, 10 per cent; paper envelopes, 25 per cent; paper hangings, 25 per cent; pulp, 10 per cent.

Act of October 1, 1890: Wood pulp, mechanically ground, \$2.50 per ton; chemical, unbleached, \$6 per ton; bleached, \$7 per ton; sheathing paper, 10 per cent; printing paper, 15 per cent; sensitized paper, 35 per cent; surface-coated, 35 per cent; paper envelopes, 25 cents per 1,000.

Act of August 27, 1894: Wood pulp, 10 per cent; sheathing paper, 10 per cent; printing paper, 15 per cent; surface-coated paper, 30 per cent; paper envelopes, 20 per cent.

Act of July 24, 1897: Paper envelopes, 20 per cent; if embossed, 35 per cent; writing paper, 2 cents per pound and 10 per cent ad valorem, 2 to $3\frac{1}{2}$ cents per pound and 15 per cent ad valorem; paper hangings, 25 per cent.

Act of August 5, 1909: Wood pulp, mechanically ground, one-twelfth of 1 cent per pound; chemical, unbleached, one-sixth of 1 cent per pound; bleached, one-fourth of 1 cent per pound; sheathing paper, 10 per cent; printing paper, three-sixteenths of 1 cent per pound to eight-tenths of 1 cent per pound; valued above 5 cents per pound, 15 per cent ad valorem; coated surface paper, 5 cents per pound; writing paper, 3 cents per pound and 15 per cent ad valorem.

Reciprocity act, approved July 26, 1911: Pulp of wood; news print paper and other paper valued at not more than 4 cents per pound, the product of Canada, free from export prohibition or restriction, admitted free of duty.

Until the act of 1911 there was no marked change in the policy of the Government to encourage and protect the paper industry. The Walker Act of 1846 gave to this industry a duty of 30 per cent, and the Gorman-Wilson Act of 1894 levied a duty of 15 per cent on print-

ing paper, 20 per cent on writing paper, and 30 per cent on surface-coated paper.

The attitude of the Government evidenced a belief, to quote the words of Madison, that this industry "ought not to perish." There was no attempt to "neglect" it or divert the industry of the men engaged in it "to other channels."

Under such a policy the manufacturing of paper in the United States increased and prospered and instead of four mills as at the time of the Revolution, the Tariff Board reported in 1911 that there were 824 plants making paper of some kind, with a total productive capacity of 5,196,398 tons. Instead of three or four States, 30 States, including the District of Columbia, now produce paper in some of its forms.

The census report for 1909 shows how under favorable auspices the industry has developed:

Manufactures of paper in the United States (census of 1909).

Paper and wood pulp establishments.....	777
Wage earners.....	75, 978
Capital.....	\$409, 348, 000
Wages.....	\$40, 805, 000
Value of products.....	\$267, 657, 000

The paper and wood pulp industry of New England—Census of 1909 and 1899.

	Census.	Number of establishments.	Wage earners.	Capital.	Wages.	Value of products.
Maine.....	1909	45	8, 647	\$65, 133, 000	\$5, 267, 000	\$33, 950, 000
	1899	35	4, 851	17, 473, 000	2, 163, 000	13, 223, 000
New Hampshire.....	1909	34	3, 413	27, 534, 000	2, 106, 000	13, 994, 000
	1899	29	2, 391	8, 163, 000	1, 037, 000	7, 245, 000
Vermont.....	1909	25	1, 030	8, 432, 000	594, 000	3, 302, 000
	1899	27	1, 216	4, 854, 000	571, 000	3, 385, 000
Massachusetts.....	1909	88	12, 848	42, 524, 000	6, 542, 000	40, 097, 000
	1899	93	9, 061	26, 693, 000	3, 938, 000	22, 141, 000
Connecticut.....	1909	51	1, 720	7, 195, 000	924, 000	5, 527, 000
	1899	49	1, 425	3, 968, 000	633, 000	3, 665, 000
Total (New England States).....	1909	243	27, 658	70, 818, 000	15, 433, 000	97, 470, 000
	1899	233	18, 944	51, 151, 000	8, 342, 000	49, 559, 000

The census reports no pulp or paper establishments in Rhode Island.

In behalf of this industry, which fully meets the test of national utility, in which the capital of American citizens is invested, which provides employment for over 75,000 wage earners, which utilizes the products of our soil and conserves but not destroys our forests, and particularly for the New England paper and pulp industry and the 28,000 employees in the New England paper mills, I respectfully petition the Congress to repeal section 2 of the Canadian reciprocity act and to levy reasonable duties upon imports of wood pulp and paper.

Current importations of paper and manufactures of paper do not measure the menace of the present conditions in regard to the paper industry. Under the policy in vogue for over a century, paper manufacturing steadily developed in this country. To-day, instead of increase it is threatened with decrease. Since the act of 1911 there

has been a remarkable increase of Canadian development at the expense of an important American industry. Legislation which favors a foreign industry and cripples an American industry will not appeal to the American sense of justice and does not accord with a wise and prudent national policy.

If it is persisted in, we shall repeat in this country the unfortunate experience of the English paper industry. In 1860 the imports of paper into England amounted to only \$511,900. With no duty to prevent, imports have greatly increased. In 1875 they amounted to \$4,767,540; by 1890 they had reached \$9,201,640; in 1907 they were \$27,612,000 (the exports of paper that year were \$11,408,000), and England which had hoped under a free-trade policy to become the workshop of the world found that the imports of paper were exceeding the exports and that instead of the workshop of the world, she was becoming the dumping ground of the world.

The manufacturers of Germany and Austria, protected in their home markets from British competition, have free access to the English market for their surplus product.

A manufacturer of Hertfordshire, testifying before the royal commission, said that he found that some German manufacturers keep one or two of their machines going entirely for the English market and that one German manufacturer boasted that he was making English postal cards for the British Government. A skilled workman in Germany, he reported, was getting 3s. 6d., against 6s. in England.

England, with its mighty prestige as a manufacturing nation, could not stand such competition, and with our wage scale a good deal higher than that of England we shall find, without protection, that we can not stand the competition of Germany, Austria, Sweden, England, and Canada.

This significant remark was made at the hearing referred to before the royal commission:

I had a paper placed in my hands a few days ago and I was informed that the paper was manufactured in America; that the type was manufactured in America; that the ink with which it was printed was made in America; that the machine with which it was printed was also made in America; and that it was really spoken of very gratefully.

Unduly the policy of protection we have developed sufficient ability and efficiency to make the multitudinous products of our common need.

Our paper is manufactured in America; our type is made here and so is the ink and the machine with which our paper is printed. When you break one link in our industrial system you threaten the whole chain of these national utilities, and you strike at a system which has made us the most prosperous Nation of the world, and which has developed a manufacturing supremacy that surpasses the dreams of our fathers and challenges the admiration of the world.

Bismarck, the founder of Germany's political and industrial empire, urged Germany to imitate the tariff system of the United States, "because," he said, "it is my deliberate judgment that the prosperity of America is mainly due to its system of protective laws."

It is not the part of wisdom to abandon this system now, and in the name of the New England paper manufacturers and the 28,000 wage earners in the New England paper mills, and in the interest of the

great Nation whose sons and servants we are, I respectfully petition for the repeal of section 2 of the reciprocity act and urge the extension of the protective system to the various branches of the paper industry and the maintenance of this system as an advantageous national policy.

I would like to offer, also, the following resolutions adopted by the Home Market Club:

Recognizing that the business of the country has been built up by a protective-tariff policy, the Home Market Club, at its annual meeting, urges the President elect and the Congress of the United States to thoroughly investigate the industrial and economic conditions of the country, so that an unregulated foreign competition may not force our manufacturing establishments to close or to adopt the bitter alternative of reducing wages to the low level which prevails abroad.

We ask the attention of Congress to the fact that a material reduction of the duties on boots and shoes, silk, metal, cotton and woolen goods, and machinery will be a serious blow to New England industries and the welfare of a million workmen.

We also urge Congress to grant to the pulp and paper industry the same just and fair treatment which is given to other industries in order that growth and expansion instead of stagnation and decay may once more become the proud record of a great American industry.

Ample protection is essential to the maintenance of our industries and of the higher standard of American wages.

Whereas wood pulp and print paper have been placed on the free list so far as Canada is concerned, notwithstanding that the expected concessions on the part of Canada have been denied to us; and

Whereas demands are now being made, under the favored-nation clause, by all paper-exporting countries for the same tariff privileges which have been extended to Canada: Therefore be it

Resolved, That we protest against this unjust treatment of American paper manufacturers and respectfully petition Congress to repeal this legislation.

With your permission, I should like to offer as part of my testimony the following petition of employees of pulp and paper mills:

The undersigned, employees of pulp and paper mills, recognizing that it was not the intention of Congress to place wood pulp and paper under 4 cents a pound on the free list regardless of Canada's action on the reciprocity measure, and believing that if the paper industry is subjected to unrestricted foreign competition many mills will close and wages will be reduced, and that our labor is equally entitled to protection with the labor on the farms and in shops and factories, respectfully petition Congress to repeal the law which is so unjust to us and to our employers.

(Signatures of 14,005 wage earners in pulp and paper mills were signed to this petition, as follows:)

Name of mill or company.	Location.	Number of signers
MAINE.		
S. D. Warren & Co.	Cumberland Mills.	166
United Box Board Co.	Benton Falls.	54
Penobscot Chemical Fiber Co.	Great Works.	134
Shawmut Paper Co.	Shawmut.	20
Orono Pulp & Paper Co.	Orono.	141
Nekonegan Paper Co.	Old Town.	37
Howland Pulp & Paper Co.	Howland.	47
Great Northern Paper Co.	Madison.	216
Do.	Millinocket.	218
Androscoggin Pulp Co.	Steep Falls.	46
Bowdoin Mills.	} Brunswick.	386
Pejepscot Mills.		
Lisbon Falls Mills.	Lisbon Falls.	
Katahdin Pulp & Paper Co.	Lincoln.	147
Poland Paper Co.	Mechanic Falls.	106
St. Croix Paper Co.	Woodland.	160
		1,878

Name of mill or company.	Location.	Number of signers.
NEW HAMPSHIRE.		
Odell Manufacturing Co.	Groveton	131
Claremont Paper Co.	Claremont	25
Contoocook Paper Co.	Contoocook	18
Emerson Paper Co.	Wendell	33
Monadnock Paper Co.	Bennington	98
Henry Paper Co.	Lincoln	55
Amoskeag Paper Mill	Manchester	29
		389
VERMONT.		
Wyman Flint & Co. employees	Bellows Falls	36
Mississippi Pulp Co.	Sheldon Springs	49
Robertson Paper Co.	Bellows Falls	33
Rockingham Paper Co.	do.	27
		145
CONNECTICUT.		
St. George Pulp & Paper Co.	Norwalk	26
American Straw Board Co. (Uncas Mill)	Norwich	31
Windsor Paper Co. (American W. P. Co.)	Windsor Locks	40
Oakland Paper Co. (American W. P. Co.)	Manchester	25
Flatner & Proctor Paper Co. (American W. P. Co.)	Unionville	80
		202
MASSACHUSETTS.		
Mountain Mill Paper Co.	Lee	11
L. L. Brown Paper Co.	Adams	47
Champion International Co.	Lawrence	413
Geo. W. Wheelwright Paper Co., Rollstone mill	Fitchburg	83
Geo. W. Wheelwright Paper Co., Leominster mill	North Leominster	146
Geo. W. Wheelwright Paper Co., Hardwick mill	Wheelwright	108
Falulah Paper Co.	Fitchburg	26
No. 1 Mount Tom Sulphite Pulp Co.	Mount Tom	172
No. 2 Mount Tom Sulphite Pulp Co.	do.	141
Chapin & Gould Paper Co.	Russell	45
Carew Manufacturing Co. (paper)	South Hadley Falls	123
Southworth Co.	Mittineague	17
Hampshire Paper Co.	South Hadley Falls	101
Tileston Hollingsworth Co. (paper)	Boston	142
Union Mill	Bancroft	43
Geo. C. Gill Paper Co. (American W. P. Co.)	Holyoke	103
Geo. R. Dickinson Paper Co. (American W. P. Co.)	do.	36
Crocker Manufacturing Co. (American W. P. Co.)	do.	56
Beebe & Holyoke Paper Co. (American W. P. Co.)	do.	99
Albion Paper Co. (American W. P. Co.)	do.	85
Waugrean Paper Co. (American W. P. Co.)	do.	39
Riverside Paper Co. (American W. P. Co.)	do.	91
Parsons Paper Co. (American W. P. Co.)	do.	89
Norman Paper Co. (American W. P. Co.)	do.	42
Nonotuck Paper Co. (American W. P. Co.)	do.	32
Mount Tom Paper Co. (American W. P. Co.)	do.	86
Linden Paper Co. (American W. P. Co.)	do.	33
Holyoke Paper Co. (Div. American W. P. Co.)	do.	50
G. K. Baird Paper Co. (Div. American W. P. Co.)	do.	6
Hurlbut Paper Co. (Div. American W. P. Co.)	South Lee	48
Agawam Paper Co. (Div. American W. P. Co.)	Mittineague	179
Chester Paper Co. (Div. American W. P. Co.)	Huntington	42
		2,725
NEW YORK.		
Champlain Paper Mill	Willsboro	55
High Falls Pulp & Paper Co.	Chateaugay	35
Brownsville Board Co.	Brownsville	44
Aldrich Paper Co.	National Dam	107
Chasm Paper Co.	Asable Chasm	18
Battle Island Paper Co.	Fulton	55
Harmon Paper Co.	Brownsville	36
De Grosse Paper Co.	Carthage	54
Oswego Falls Pulp & Paper Co.	Fulton	62
West Virginia Pulp & Paper Co.	Mechanicsville	501
H. S. Chalfant Paper Co.	Rock City Falls	22
Watertown Light & Power Co.	Watertown	26
Norwood Paper Co.	do.	84
Dana Paper Co.	Harrisville	83
West Virginia Pulp & Paper Co. (New York office)	New York	67

Name of mill or company.	Location.	Number of signers.
NEW YORK—continued.		
Brownsville Paper Co.....	Brownsville.....	41
Charles G. Weeks Co. (paper).....	Skaneateles.....	42
Niagara Paper Mills.....	Lockport.....	32
Newton Falls Paper Co.....	Watertown.....	44
Finch, Pruyn & Co., employees.....	Glens Falls.....	217
Racquette Paper Co.....	Potsdam.....	173
Centennial Mill.....	Valatie.....	12
Island Paper Co.....	Carthage.....	57
Humphrey & Young (Napanoch Paper Mills).....	Napanoch.....	19
Crescent Paper & Machine Co.....	Phoenix.....	16
Pettebone Cataract Paper Co.....	Niagara Falls.....	59
		1,990
PENNSYLVANIA.		
Schmidt & Ault Paper Co.....	York.....	42
Franklin Paper Mills Co.....	Swarthmore.....	28
C. S. Garrett Son Co., employees.....	Philadelphia.....	73
West Virginia Pulp & Paper Co.....	Tyrone.....	228
Do.....	Williamsburg.....	170
Franklin Paper Mills.....	Landenberg.....	12
Martin & Wm. H. Nixon Paper Co.....	Manayunk.....	114
Kenmore Paper Co.....	Philadelphia.....	100
		767
DISTRICT OF COLUMBIA.		
District of Columbia Paper Manufacturing Co.....	Washington.....	121
VIRGINIA.		
West Virginia Pulp & Paper Co.....	Covington.....	497
West Virginia Pulp Product Co.....	do.....	27
Halifax Paper Corporation.....	Richmond.....	28
Albemarle Paper Co.....	do.....	32
Richmond Paper Manufacturing Co.....	do.....	25
Standard Paper Manufacturing Co.....	do.....	42
Bedford Pulp & Paper Co.....	do.....	102
		753
WEST VIRGINIA.		
West Virginia Pulp & Paper Co.....	(1) Cass.....	39
Do.....	(2) Cass.....	316
Do.....	Piedmont.....	487
Do.....	Davis.....	42
Cherry River Paper Co.....	Richmond.....	44
		928
OHIO.		
Champion Coated Paper Co.....	Hamilton.....	710
Paul A. Sorg Paper Co.....	Middletown.....	45
Harding Paper Co. (Div. Am. W. Co.).....	Franklin.....	81
		836
INDIANA.		
Beveridge Paper Co.....	Indianapolis.....	47
Elkhart Paper Co.....	Elkhart.....	68
Kieffer Paper Co.....	F wing.....	25
Hartford City Paper Co.....	Hartford City.....	152
		292
MICHIGAN.		
Bryant Paper Co.....	Kalamazoo.....	51
Mac-Sim Bar Paper Co.....	Otsego.....	31
Kalamazoo Paper Co.....	Kalamazoo.....	86
Cheyboygan Paper Co.....	Cheyboygan.....	151
Bardeen Paper Co.....	Otsego.....	111
Sulphite Pulp & Paper Co.....	Detroit.....	81
Central Paper Co.....	Muskegon.....	173
Munising Paper Co.....	Munising.....	113
Monarch Paper Co.....	Kalamazoo.....	132
		929

Name of mill or company.	Location.	Number of signers.
MINNESOTA.		
Minnesota & Ontario Power Co.....	International Falls.....	233
IOWA.		
The Brown Paper Co.....	Fort Madison.....	31
WISCONSIN.		
Shattuck & Babcock Co. (Div. Am. W. Co.).....	De Pere.....	103
Lindaur Pulp Co.....	Kaukauna.....	18
Biron Mill of Consolidated Wood Pulp & Paper Co.....	Grand Rapids.....	60
Grand Rapids Consolidated Wood Pulp & Woods Co.....	do.....	132
Little Chute Pulp Co.....	Little Chute.....	67
Northern Paper Mills.....	Green Bay.....	59
Wausaw Sulphite Fiber Co.....	Mosinee.....	171
Falls Manufacturing Co.....	Oconto Falls.....	100
Union Manufacturing Co.....	do.....	16
Rhineland Paper Co.....	Rhineland.....	134
Dells Paper & Pulp Co.....	Eau Claire.....	147
Fox River Paper Co.....	Appleton.....	221
American Paper & Pulp Co.....	Neenah.....	102
Gilbert Paper Co.....	Menasha.....	81
Wausaw Paper Mill.....	Brokaw.....	88
Writing Paper Co.....	Stevens Point.....	89
		1,588
OREGON.		
Lebanon Paper Co.....	Lebanon.....	88
WASHINGTON.		
Everett Paper Co.....	Everett.....	110

RECAPITULATION.

States.	Number of signers.	States.	Number of signers.
Maine.....	1,878	Indiana.....	292
New Hampshire.....	389	Michigan.....	929
Vermont.....	145	Minnesota.....	233
Connecticut.....	202	Iowa.....	31
Massachusetts.....	2,725	Wisconsin.....	1,588
New York.....	1,990	Oregon.....	88
Pennsylvania.....	767	Washington.....	110
District of Columbia.....	121		
Virginia.....	753	Total.....	14,005
West Virginia.....	928		
Ohio.....	836	Whole number of companies and mills.....	149

**TESTIMONY OF GEN. HERMAN STABER, REPRESENTING THE
GERMANIA IMPORTING CO., OF NEW YORK CITY.**

The witness was duly sworn by the chairman.

Mr. STABER. I am connected with the Germania Importing Co., of New York, dealers in foreign papers principally. We also handle some domestic papers. Before this committee I also appear in behalf of other firms whose names are attached to the brief I have filed here.

The remarks I wish to make relate to Schedule M, and will be from the standpoint of a dealer, I may almost say from the standpoint of a consumer, because we buy any and all kinds of papers as long as we can make a profit in handling them. Consequently I might say that my views on the subject of duties on paper are from a fair standpoint, as it makes no difference to me what the duty is so long as I can handle the paper.

Now, as regards print paper, that subject has been thoroughly thrashed out before your committee. So far as I know, high-grade papers are exported from the United States. The gentleman who was here just before me, Mr. Wheelwright, that is, the firm he represents, is represented in London, has a selling agency there, at least it is advertised that way. Also, there are—

The CHAIRMAN (interposing). Do they sell their paper abroad?

Mr. STABER. Evidently, because their firm is advertised in London as having a selling agency there. Then there is a great deal of print paper used which is coated. That has been absolutely excluded from the United States, as it is dutiable at 5 cents a pound under the coated-paper paragraph. Then on tissue paper the duty is 6 cents a pound, so that only high-grade tissue papers are imported. The ordinary tissue paper in the United States is sold from 4 cents a pound upward. The next is in relation to papers with coated surfaces. Mr. Williams went thoroughly into that subject, and I agree with him in everything he said there, except I think 50 per cent ad valorem is too high a duty. Then we get down to papers, including wrapping paper, with the surface decorated. That has a duty of $4\frac{1}{2}$ cents per pound. It costs less than 3 cents per pound with lines or so-called felt marks, and if it comes in it has to pay the prohibitive duty of $4\frac{1}{2}$ cents per pound, equal to 150 or 160 per cent.

The CHAIRMAN. What do you mean by "felt marks?"

Mr. STABER. Well, I have a sample here which will show that very plainly [handing sheet of paper to the chairman]. This is a sheet that the customhouse has held as being a decoration.

Mr. FORDNEY. Are you familiar with the American and foreign cost of making these papers?

Mr. STABER. No, sir; I speak from the standpoint of a merchant.

Mr. FORDNEY. When you say the tariff is too high you say that without knowing the difference in the cost of production?

Mr. STABER. According to the census figures, as to the cost of production, there were \$300,000,000 worth of paper produced in the United States, and the wages which they claimed they paid amounted to \$40,000,000; that is, 13 per cent. Now, the other costs of production, that is, in Europe, with the exception of Scandinavia, are not as cheap—the coal and the cheap water power that the United States has. The difference is altogether, I should say, in labor, and the total amount of labor was 13 per cent, and the amount of the duties on the paper is 50 per cent, being prohibitive.

Mr. FORDNEY. You have already said you did not know the difference in the labor cost here and abroad.

Mr. STABER. I know it costs no more to produce that paper with the felt marks than it does to produce it without the felt marks.

The CHAIRMAN. And you say the total cost of producing that paper with the felt marks is how much?

Mr. STABER. You can buy it for about $3\frac{3}{4}$ cents a pound.

The CHAIRMAN. And what is the tariff under the present law?

Mr. STABER. On the plain wrapping paper 35 per cent, and on that paper, with the felt marks, $4\frac{1}{2}$ cents a pound, which is equal to 150 per cent or 160 per cent.

Mr. FORDNEY. Has the price to the consumer gone up since the adoption of the existing tariff law?

Mr. STABER. On that particular grade?

Mr. FORDNEY. Yes.

Mr. STABER. It is not imported; people will not pay the price.

Mr. FORDNEY. Has the price gone up or gone down on this paper?

Mr. STABER. On this wrapping paper?

Mr. FORDNEY. On the paper you are talking about.

Mr. STABER. It is not imported under the duty of $4\frac{1}{2}$ cents a pound.

Mr. FORDNEY. Do you mean to say it is not being used at all?

Mr. STABER. No, sir.

Mr. FORDNEY. Was it in use before?

Mr. STABER. Yes, sir.

Mr. FORDNEY. But the tariff put it out of use?

Mr. STABER. Yes, sir.

The CHAIRMAN. You mean there is no importation of that paper by American merchants; that the foreign importers of that paper were excluded, that is, the tariff excluded foreign importations?

Mr. STABER. Yes, sir; it excluded the importation of all that paper.

Mr. FORDNEY. If this sold for 3 cents a pound, and the duty is $4\frac{1}{2}$ cents per pound, how does it happen that none is being used?

Mr. STABER. Because the people will use a wrapping paper they can buy for 3 cents or 4 cents a pound.

Mr. FORDNEY. And that will answer the same purpose?

Mr. STABER. Yes, sir.

Mr. FORDNEY. Well, that is an entirely different proposition. They are not going to pay a high price for paper of that kind when they can get a cheaper article for less money that will answer the same purpose.

Mr. STABER. But they would prefer buying an attractive looking paper at the same price.

Mr. FORDNEY. Oh, yes. If you could buy a silk hat for 10 cents you would buy it rather than buy a cheap hat for 10 cents.

Mr. STABER. I certainly would.

The CHAIRMAN. What you mean to say is that the American people have been forced, by reason of the excessive tariff that has been put on this particular paper, to buy an unattractive paper, whereas they could have bought this more attractive paper at the same price?

Mr. STABER. Yes, sir.

The CHAIRMAN. I understand you. You may proceed.

Mr. STABER. Then I get to the subject of parchment papers, and grease-proof and imitation parchment papers, about which Mr. Riegel just spoke. Now, under the Dingley Bill parchment paper, and grease-proof and imitation parchment paper, paid a duty of 25 per cent ad valorem. Only one maker manufactured it. The Hartford City Paper Co., under the 25 per cent ad valorem duty, had the entire western market in their control, that is, before the Hartford City Paper Co. commenced manufacturing we sold to the packers in the West and to the large dealers; after they started manufacturing we could not sell a pound to the big meat packers or the big consumers in the West, and our business was a peddling business here in the East. Now, if they prospered under a 25 per cent ad valorem duty it does not seem just that the duty should be raised to 2 cents a pound and 10 per cent, which is equal to

approximately 50 per cent or 60 per cent duty. The importations of these papers are falling off gradually, and in the last six months they have fallen off very much, and if this duty is continued the importations will stop altogether.

Mr. FORDNEY. That is an indication that this article is being produced in this country and that the tariff law has proven beneficial.

Mr. STABER. The tariff law has been beneficial to the manufacturer, of course; we all admit that; but so far as the consumer is concerned, it has not been beneficial. The Democratic Party, I believe, has determined that the consumer has some rights.

Mr. FORDNEY. We will give the consumer all the rights and have the production here rather than abroad.

Mr. STABER. I am an American citizen and my standing, my moral standing, is as good as anybody's, and my honest conviction is that any legitimate American manufacturer can compete with the world, tariff or no tariff.

Mr. FORDNEY. In the brief filed by the National Association of Employing Lithographers it appears that the labor cost of pressmen as between the United States and Germany shows a difference of 28 per cent and you contend that under those conditions Americans could compete with them?

Mr. STABER. Yes, sir. Mr. Redfield, I think, stated that in Japan he saw them driving piles with women and that they paid them 2 cents a day, and he said he would rather pay an American engineer \$10 a day and that he could drive those piles cheaper.

Mr. FORDNEY. Is it your idea that American women should drive piles the same as they do in Japan, instead of employing American engineers?

Mr. STABER. I did not say that. I said that an American laborer at \$10 a day could beat these Japanese women at 2 cents a day.

Mr. PAYNE. Did I understand you to say that you got that authority from Mr. Redfield?

Mr. STABER. I believe I read that as a statement by Mr. Redfield.

Mr. PAYNE. Mr. Redfield, the Member of Congress?

Mr. STABER. Yes, sir.

Mr. FORDNEY. He is on the Democratic side of the House, is he not?

Mr. STABER. Yes, sir.

Mr. PAYNE. I have been to Japan myself, and have seen those people work, and you can not tell me what Redfield said and have me believe it, if he says that.

Mr. HARRISON. You must not mind Messrs. Payne and Fordney, our friends upon the committee, because they stand on the burning deck whence all but they have fled.

Mr. STABER. Then I come to the next section; that dealing with so-called imitation parchment papers, which are supposed to be the same as glazine papers, only not calendered. Germany is the only country which produces glazine paper in any quantity. Now, the Warren Parchment Co., not the Warren Manufacturing Co., is selling to-day imitation parchment paper at $4\frac{1}{2}$ cents a pound, and I contend that if imitation parchment paper can be sold at $4\frac{1}{2}$ cents per pound the glazine paper should be sold at $4\frac{3}{4}$ cents, but none is sold at that figure, consequently 2 cents a pound and 10 per cent duty is enormous.

SUGGESTIONS FOR REDUCING DUTIES—SCHEDULE M, PAPER, ETC.

Paragraphs 407, 408, 409, 410, 411, 413, 415, 418, 420.

New York, January 6, 1913.

Hon. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: We the undersigned merchants, interested as importers and dealers in paper of foreign and domestic manufacture, beg to submit to your committee our views on changes in Schedule M which we consider desirable.

While the American paper industry is one of the most advanced in the world, and while its products are exported on a very large scale to all parts of the world, Schedule M contains a number of rates which are absolutely prohibitory, leaving the American consumer of such necessities as writing paper, tissue papers, strawboard, and others entirely at the mercy of the combinations of manufacturers in these lines.

Most of the rates in Schedule M are composed of specific and ad valorem duties, the effect of this being that the specific duties practically shut out from import the cheaper qualities used in immense quantities in every day life, and admit the high-priced qualities which are more or less luxuries, used by comparatively few people, at a lower percentage.

Respectfully submitted.

WILKINSON BROS. & Co.
ROSE & FRANK Co.
NEUMANN & HADLEY.
ADOLPH KRAUT Co.
JAPAN PAPER Co.
RHINELAND IMPORT PAPER Co.
H. N. HILL:
MERCHANTS IMPORTING Co.
GERMANIA IMPORTING Co.

TARIFF ACT OF 1909, SCHEDULE M.

407. Sheathing paper and roofing felt, 10 per cent ad valorem.

Year.	Imports.	Duty.
1911.....	\$9,039	\$903
1912.....	3,461	344
1912.....	4,495	Free.

408. Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton or other vegetable fiber, $1\frac{1}{2}$ cents per pound and 15 per cent ad valorem.

Year.	Imports.	Duty paid.
1911.....	\$43,045	Per cent. 28.82
1912.....	45,734	28.26

409. Printing paper (other than paper commercially known as handmade or machine handmade paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this

PROPOSED CHANGES.

407. We suggest that these articles be put on the free list as imports have been insignificant even at the low rate of 10 per cent ad valorem, and as imports from Canada, valued at not above 4 cents a pound are permitted free entry.

408. We suggest that the rate of duty be made 20 per cent ad valorem.

Filter masse is used by breweries, oil refineries, and in many other industries. It is made chiefly of American cotton, and a lower price would increase its consumption. We estimate imports at \$80,000, yielding a revenue of \$16,000 against \$13,062 in 1912.

409. We suggest the following changes in phraseology and rates of duty. "Printing paper, unsized, sized, or glued, suitable for the printing of books and newspapers, not specially provided for in this section, valued at not above 3 cents per pound, 5 per cent ad valorem, valued at over 3 cents per pound 10 per cent ad valorem:

section, valued at not above $2\frac{1}{2}$ cents per pound, three-sixteenths of 1 cent per pound; valued above $2\frac{1}{2}$ cents and not above $2\frac{1}{2}$ cents per pound, three-tenths of 1 cent per pound; valued above $2\frac{1}{2}$ cents per pound and not above 4 cents per pound, five-tenths of 1 cent per pound; valued above 4 cents and not above 5 cents per pound, eight-tenths of 1 cent per pound; valued above 5 cents per pound, 15 per cent ad valorem; *Provided, however*, That if any country, dependency, Province, or other subdivision of Government shall forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, there shall be imposed upon printing paper when imported either directly or indirectly from such country, dependency, Province, or other subdivision of Government, an additional duty of one-tenth of 1 cent per pound when valued at 3 cents per pound, or less, and in addition thereto the amount of such export duty or other export charge imposed by such country, dependency, Province, or other subdivision of Government, upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp.

Provided, however, That as long as such papers valued at not above 4 cents per pound are admitted free of duty from Canada, they shall also be admitted free of duty from other countries."

The subject of the duties on printing paper has been exhaustively discussed before your committee and elsewhere. The present free entry from Canada of paper valued at not above 4 cents per pound benefits only a small number of American capitalists who own large tracts of forest land and paper mills in Canada.

If free entry from Canada is not repealed, then international obligations as well as fairness and justice demand that free entry of papers valued at not above 4 cents per pound be extended also to all other countries.

If the above suggestions should be adopted, and provided free entry from Canada is repealed, we estimate imports valued at not above 3 cents per pound at \$2,500,000 and valued above 3 cents per pound at \$700,000, yielding a revenue of \$195,000 against \$145,657 in 1912.

Import 1911.	Rate values.	Duties.	Per cent.
Three-sixteenths cent	\$1,976,103	\$199,904	10.12
Three-tenths cent.....	33,785	4,224	12.50
Five-tenths cent.....	46,872	7,375	15.73
Eight-tenths cent.....	65,259	11,577	17.74
15 per cent.....	386,174	57,926	15.00
Free.....			
	2,508,193	281,006	
		55,397	

Additions, one-tenth cent and ca.

Import 1912.	Rate values.	Duties.	Per cent.
Three-sixteenths cent	\$902,614	\$88,546	9.81
Three-tenths cent.....	37,730	4,669	12.40
Five-tenths cent.....	62,719	10,009	16.03
Eight-tenths cent.....	81,558	14,278	17.50
15 per cent.....	187,715	28,155	15.00
Free.....	1,218,636		
		145,657	
	2,490,972	38,470	

Addition, one-tenth cent and ca.

410. Papers commonly known as copying paper, stereotype paper, bibulous paper, tissue paper, pottery paper, and all papers not specially provided for in this section, colored or uncolored, white or printed, weighing not over 6 pounds to the ream of 480 sheets, on the basis 20 by 30 inches, and whether in reams or any other form, 6 cents per pound and 15 per cent ad valorem; if weighing over 6 pounds and less than 10 pounds to the ream, and letter copying books, whether wholly or partly manufactured, 5 cents per pound and 15 per cent ad valorem; crepe paper and filtering paper, 5 cents per pound and 15 per cent ad valorem: *Provided*, That no article composed wholly or in chief value of one or more of the papers specified in this paragraph shall pay a less rate of duty than that imposed upon the component paper of chief value of which such article is made.

	Year.	Imports.	Duty.
Duty 6 cents pound plus 15 per cent.....	1911	\$203,015	<i>P. ct.</i> 40.88
	1912	207,645	39.40
Duty 5 cents pound plus 15 per cent.....	1911	104,314	44.52
	1912	77,917	50.30
Crepe and filtering.....	1911	79,987	49.58
Duty 5 cents pound plus 15 per cent.....	1912	88,435	44.20

411. Papers with coated surface or surfaces, not specially provided for in this section, 5 cents per pound. Imports, 1911, \$312,910; duty, 63.45 per cent. Imports, 1912, \$305,354; duty, 56.73 per cent.

A. If wholly or partly covered with metal or its solutions (except as herein-after provided), or with gelatin or flock, or if embossed or printed, 5 cents per pound and 20 per cent ad valorem:

Year.	Imports.	Duty.
1911.....	\$288,959	<i>Per cent.</i> 44.21
1912.....	246,765	41.70

B. Papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp

410. We suggest a duty of 25 per cent ad valorem. The present rates of duty are practically prohibitory except on high priced specialties.

We estimate importations would amount to \$600,000, yielding a revenue of \$150,000, against \$159,960 in 1912.

411. We suggest the following changes in phraseology and rates: "Papers with coated surface or surfaces, not specially provided for in this section, 35 per cent ad valorem. Papers used for printing magazines, newspapers, or books, coated both surfaces, 15 per cent ad valorem."

We estimate imports at the rates suggested above \$500,000 at 35 per cent and \$100,000 at 15 per cent, yielding a revenue of \$190,000, against \$173,205 in 1912.

A, C, D. We suggest a duty of 35 per cent ad valorem.

We estimate that imports, including sections C and D, would be \$400,000, yielding a revenue of \$140,000 against \$108,070 in 1912.

B. We suggest the following changes in phraseology and rates: "Papers with the surface decorated, or covered with a design, fancy effect, pattern, or character,

or otherwise, but not by lithographic process, $4\frac{1}{2}$ cents per pound:

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$59,007	58.94
1912.....	68,417	47.06

C. If embossed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 5 cents per pound and 20 per cent ad valorem:

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$4,193	58.91
1912.....	7,879	46.88

D. *Provided*, That paper wholly or partly covered with metal or its solutions, and weighing less than 15 pounds per ream of 480 sheets, on a basis of 20 by 25 inches, shall pay a duty of 5 cents per pound and 25 per cent ad valorem:

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$3,211	37.12
1912.....	3,036	42.75

E. Parchment papers, and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent, or partially so, by whatever name known, 2 cents per pound and 10 per cent ad valorem:

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$226,708	52.90
1912.....	213,266	49.29

whether produced in the pulp or otherwise, but not by lithographic process or felt marks, 25 per cent ad valorem."

The changes in the phraseology are suggested because wrapping papers with lines or so-called felt marks worth $2\frac{1}{2}$ or 3 cents per pound, and costing no more to make than plain papers, which under the Dingley tariff paid 25 per cent ad valorem, have to pay under the present tariff the prohibitive duty of $4\frac{1}{2}$ cents per pound, equal to 150-160 per cent. Only two or three American mills are benefited.

We estimate imports at \$120,000, yielding a revenue of \$30,000 against \$31,770 in 1912.

E. We suggest the following changes in phraseology and rates: "Parchment paper, and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, in all weights, by whatever name known, 20 per cent ad valorem."

These papers paid under the Dingley tariff as n. s. p. f. a duty of 25 per cent ad valorem. The rate was changed for the benefit of two or three American mills and to the detriment of a large number of business people who use these papers for wrapping purposes.

We estimate imports at \$400,000, yielding a revenue of \$80,000 against \$104,730 in 1912.

F All other grease-proof and imitation parchment papers, not specially provided for in this section, by whatever name known, 2 cents per pound and 10 per cent ad valorem.

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$186,844	51.50
1912.....	81,541	44.95

G Bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or wood covered with any of the foregoing paper, 5 cents a pound and 30 per cent ad valorem.

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$97,172	52.36
1912.....	121,869	49.92

H Albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, 30 per cent ad valorem.

Year.	Imports.
1911.....	\$488,040
1912.....	436,484

I. Plain basic papers for albumenizing, sensitizing, baryta coating or for photographic or solar printing processes, 3 cents per pound and 10 per cent ad valorem.

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$658,999	28.65
1912.....	525,519	28.15

413. Writing, letter, note, handmade paper and paper commercially known as handmade paper and machine handmade paper, Japan paper, and imitation Japan paper, by whatever name known, and ledger, bond, record, tablet, typewriter, manifold, and onionskin and imitation

F "All other grease-proof and imitation parchment papers, not specially provided for in this section, in all weights, and by whatever name known, 15 per cent valorem."

These papers (excepting so-called vegetable parchment paper of which only an insignificant amount is imported) paid under the Dingley tariff a duty of 25 per cent ad valorem, and the present tariff is prohibitive on the cheaper grades of these papers chiefly used for wrapping purposes, and is rapidly becoming prohibitive on all grades.

We estimate imports at \$300,000, yielding a revenue of \$60,000 against \$36,636 in 1912.

G We suggest striking out this section and it to be covered by paragraph 420.

H We suggest rates of duty increased to 40 per cent.

The import of these papers is controlled absolutely by an international trust in photographic materials, which bars out foreign or domestic competition. These papers may be considered a luxury, and as such they ought to pay an adequate revenue to the Government.

We estimate imports at \$450,000, yielding a revenue of \$180,000 against \$130,943 in 1912.

I. We suggest rates of duty as follows:

"If valued at not over 12 cents per pound, 15 per cent ad valorem; if over 12 cents per pound, 20 per cent ad valorem."

The present rate of duty practically excludes low-priced papers, especially those used as a basis for so-called blue prints as necessary as the daily bread for every architect and draftsman.

We estimate imports valued under 12 cents \$160,000, over 12 cents \$660,000, yielding a revenue of \$156,000, against \$147,894 in 1912.

413. We suggest following changes in phraseology and rates.

"Writing, letter, note, ledger, bond, record, tablet, typewriter, onionskin, and imitation onionskin papers, calendered or uncalendered, in all weights, 20 per cent ad valorem."

onionskin papers calendered or uncalendered, weighing $6\frac{1}{2}$ pounds or over per ream, 3 cents per pound and 15 per cent ad valorem.

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$156,098	46.62
1912.....	163,028	45.39

A. But if any such paper is ruled, bordered, embossed, printed, lined, or decorated in any manner, other than by lithographic process, it shall pay 10 per cent ad valorem in addition to the foregoing rates: *Provided*, That in computing the duty on such paper every one hundred and eighty thousand square inches shall be taken to be a ream.

Year.	Imports.	Duty.
		<i>Per cent.</i>
1911.....	\$19,624	41.44
1912.....	13,006	43.86

415. Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, cardboard and bristol board, 35 per cent ad valorem; press boards or press paper, valued at 10 cents per pound or over, 35 per cent ad valorem;

	Year.	Imports.	Duty.
Bristol board.....	1911	\$46,803	\$16,381
Cardboard.....	1912	45,755	16,013
Jacquard, etc.....	1911	7,279	2,547
Do.....	1912	11,148	3,901

A. Paper hangings with paper back or composed wholly or in chief value of paper, 25 per cent ad valorem;

Year.	Imports.
1911.....	\$823,675
1912.....	868,294

The imports of writing paper amount to a mere trifle, consisting of a few high-priced specialties. The manufacture of writing paper is controlled to a large extent by a great combination which has a selling office in London and selling agencies in many parts of the world, where it sells American writing paper cheaper than in this country and successfully competes with foreign manufacturers. We estimate that importations would amount to \$600,000, yielding a revenue of \$120,000, as against \$73,740 in 1912.

A. We suggest phraseology and rates be changed as follows:

"But if any such paper is ruled, bordered, embossed, printed, lined, or decorated in any manner, other than by lithographic process, it shall pay 5 per cent ad valorem in addition to the foregoing rates."

We estimate that imports would amount to \$50,000, yielding a revenue of \$12,500, as against \$5,702 in 1912.

415. We suggest following changes in phraseology and rates: "Jacquard designs on ruled paper or cut on Jacquard cards, and parts of such designs, 25 per cent ad valorem. Cardboard and bristol board whether pasted or unpasted, 20 per cent. Strawboard, chipboard, pulpboard, and newsboard, lined or unlined or pasted or not pasted, 10 per cent ad valorem. Pressboards or press paper and leatherboard, 20 per cent."

We estimate imports of—

Jacquard designs, etc., \$12,000, 25 per cent duty; pressboard, etc., \$10,000, 20 per cent duty; cardboard and bristol board, \$80,000, 20 per cent duty; strawboard, etc., \$150,000, 10 per cent duty; yielding a revenue of \$21,000 against \$19,914, and on strawboard, etc., \$15,000 against estimated \$5,000 in 1912.

A. "Paper hangings with paper back or composed wholly or in chief value of paper, 25 per cent ad valorem, or if not printed or decorated but plain or colored, 15 per cent."

The duty of 25 per cent on hangings, many of which are high priced and may be considered luxuries, is low as compared with 35 per cent on wrapping paper, which is a necessity.

We estimate the imports \$900,000 at 25 per cent, and \$40,000 at 15 per cent, yielding a revenue of \$231,000 against \$217,073 in 1912.

B. Wrapping paper not specially provided for in this section, 35 per cent ad valorem;

Year.	Imports.
1911.....	\$1,103,152
1912.....	871,043

C. Paper not specially provided for in this section, 30 per centum ad valorem.

Year.	Imports.
1911.....	\$353,312
1912.....	277,574

D. *Provided*, That paper embossed, or cut, die-cut, or stamped into designs or shapes, such as initials, monograms, lace, borders, bands, strips, or other forms, or cut or shaped for boxes, plain or printed but not lithographed, and not specially provided for in this section, shall be dutiable at 35 per cent ad valorem; articles composed wholly or in chief value of paper printed by the photogelatin process and not specially provided for in this act, 3 cents per pound and 25 per cent ad valorem.

418. All boxes made wholly or in chief value of paper or papier-maché, if covered with surface-coated paper, 45 per cent ad valorem.

Year.	Imports.	Duty.
1911.....	\$149,752	\$67,388
1912.....	97,679	43,953

420. Manufactures of paper, or of which paper is the component material of chief value, not specially provided for in this section, 35 per cent ad valorem.

Year.	Imports.	Duty.
1911.....	\$1,014,380	\$355,033
1912.....	807,086	282,478

B. "Wrapping paper not specially provided for in this section, 15 per cent ad valorem; provided, however, that as long as such papers valued at not above 4 cents per pound are admitted free of duty from Canada they shall also be admitted free of duty from other countries."

We estimate imports, \$1,200,000 at 15 per cent, and from Canada free \$200,000, yielding a revenue of \$180,000 against \$304,864 in 1912; since July 1, 1912, imports or wrapping papers are falling off very rapidly.

C. "Paper not especially provided for in this section 20 per cent."

Paper n. s. p. f. paid 25 per cent under the Dingley tariff. We estimate imports at \$400,000 yielding a revenue of \$80,000 against \$83,271 in 1912.

D. No changes suggested.

418. We suggest a duty of 40 per cent.

We estimate imports \$100,000 yielding a revenue of \$40,000 against \$43,953 in 1912.

420. We suggest phraseology unchanged and a duty of 30 per cent ad valorem.

	Imports.	Revenue.		Paragraph.
		Present law.	Proposed law.	
Bags, etc..	\$200,000	\$60,000	\$60,841	411, 1912
Manu- factures of paper...	800,000	24,000	282,478	420, 1912
	1,000,000	300,000	343,319	

RECAPITULATION.

Section.	Estimated revenue.	Duties collected for 12 months ending June 30, 1912.	Section.	Estimated revenue.	Duties collected for 12 months ending June 30, 1912.
407.....	(¹)	\$344	413.....	\$120,000	\$73,740
408.....	\$16,000	13,082	413 a.....	12,500	5,702
409.....	195,000	145,657	415.....	36,000	24,914
410.....	150,000	159,960	415 a.....	231,000	217,073
411.....	190,000	173,205	415 b.....	180,000	304,864
411 a c d.....	140,000	108,070	413 c.....	80,000	83,271
411 b.....	30,000	31,770	418.....	40,000	43,953
411 e.....	80,000	104,730	420.....	300,000	343,319
411 f.....	60,000	36,636			
411 g.....	180,000	130,943	Total.....	2,196,500	2,149,107
411 h.....	156,000	147,894			
411 i.....					

¹ Free.

TESTIMONY OF NEAL BROWN.

The witness was duly sworn by the chairman.

Mr. BROWN. I wish to represent here the Marathon Paper Mills of Wausau, Wis., and the Wausau Sulphate Fiber Co. of Wausau, and the Watab Pulp and Paper Co., of Sartell, Minn., although what I have to say will cover and relate to the entire paper industry. But I am interested in those three companies as stockholder, and I thought I had better speak for them and nothing else.

I want to present to you some reasons why the present status of tariff and tariff regulations affecting the paper industry should be altered.

The situation under these tariffs is grotesque and unusual in the extreme. This industry is now subjected practically to free trade with Canada and is threatened with free trade with European countries under the most-favored-nation clause of existing treaties. Nor has the industry been accorded any corresponding advantage, either by way of reciprocal freedom of trade or in reduced duties on raw materials used in the construction and equipment of mills. This industry has been banished and set apart from all other industries, without justice and without regard to either the so-called principle of protection or the principle of free trade or the principle of tariff for revenue only. Consequently, the free trader, the protectionist, and the advocate of tariffs for revenue only may logically unite in denouncing the outlawry that has been pronounced against the paper industry.

As I take it, a proper and just application of the principle of free trade to an industry requires the removal of all duties which might affect the industry, whether such duties be imposed upon the finished product or upon the raw materials used in the manufacture or the materials used in the construction and equipment. For brevity, I will hereafter refer to all these classes of materials as raw materials.

A proper and just application of the principle of tariff for revenue only requires a revenue tariff at both ends of the mill. A proper and just protective tariff requires some assumed logical basis, as the difference in the cost of production between our industries and foreign competitive industries.

It can not be denied that a free list secured by the usual logrolling devices of tariff making can be as much an instrument of oppression, of discrimination, and of special privilege as tariff duties, however excessive these may be.

I note that some of the gentlemen of the committee asked as to the politics of one of the gentlemen who have appeared here this morning, and I have been trying carefully to disguise my politics in what I say here.

The CHAIRMAN. Mr. Brown, the committee, of course—the majority end of the committee—is committed to these schedules; on the politics of its party, it has to write a revenue tariff.

Mr. BROWN. Yes; I know.

The CHAIRMAN. But outside of that we do not care to indulge in any political discussion.

Mr. BROWN. No; I was not proceeding along any political line whatever.

We have just emerged from the contest over Canadian reciprocity. It is enough in this presentation to say that the paper industry came out of the conflict suffering under extreme and undeserved penalty. This great industry was thrown to the wolves of free trade, the wolves in this case (not using too violent a metaphor) being newspapers that have maintained that all our industries (except paper) were infants, needing protection; that the tariff was not a tax (except as to paper); that any way the foreigner paid it (except as to paper); that free trade in any industry (except the paper industry) meant closed mills and idle labor; that while a cheap coat meant a cheap man, cheap print paper did not mean a cheap newspaper.

You all have fresh remembrance of this gamut of hypocrisy, and you all have your own belief as to when these advocates of both free trade and protection were telling the truth.

The paper industry was never more than a moderate beneficiary of our protective system. In fact, the duties on most of the products of this industry have always been kept at a revenue basis. A revenue basis, at least, as compared with many schedules of our tariff laws, wherein can be found duties ranging as high as 200 per cent—duties so prohibitory in many instances as that no importations could follow and no revenue be afforded. The paper industry seems never to have had the avid appetite for governmental tariff privilege possessed by many tariff favorites. Or, if it has had the appetite, it never has been able to secure adequate means of satisfying this appetite.

Full liberty of metaphor warrants the statement that the paper industry is the poor relation at the tariff table, its place being very far below the salt, doomed to gnaw the barren bone of fake Canadian reciprocity.

Without making careful examination of schedules, I believe I am justified in saying that duties on paper products have ranged no higher than 35 per cent, and that many of these duties have been much less than this.

The zeal of the American publishers for cheaper print paper outran their zeal for Canadian reciprocity, and the zeal of Congress followed closely after, and, in fact, caught up with and passed these publishers in the race for free-trade innovations. The wrapping-paper branch of the paper industry, through what seemed a mysterious legerdemain, came under the ban with print paper. Congress cut the entire paper

industry loose from most of the entanglements of reciprocity, and placed all papers of less than 4 cents value per pound on the free list. Nor was any equivalent advantage or privilege demanded or obtained from Canada. The publishers asked much—Congress gave them more.

For once the brotherhood of protection did not stand together. The revenue basis of existing duties on paper did not save the industry from the final stroke. Whatever advantages might follow from this proceeding were conferred, not only on the publishers, but also on other industries whose tariff schedules remained practically undisturbed. This was according to what has been written:

For whomsoever hath, to him shall be given, and he shall have more abundance; but whosoever hath not, from him shall be taken away, even that he hath.

If we had only been in Schedule K, I suppose the paper industry might have fared better.

Mr. PAYNE. How is that?

Mr. BROWN. If we had only been in Schedule K we might have fared better.

If I were able—and my political beliefs justified it—I would like to imagine the feelings of a beneficiary of Schedule K, for example, enjoying some of the 100 per cent duties that I understand can be found in this schedule, in his felicitations over the fact that he not only has the favor of such tariff duties, but can also wrap his fabrics in paper purchased in a free trade market.

I am not making opportunity to attack Schedule K. This duty has already been attended to by higher authority. I am only using it for illustrative purposes. Its critics filed their caveat too late, and it still stands with unabated vigor, while the paper industry labors under practical free trade with Canada.

As public opinion, which usually means the toils of an efficient press bureau, will often make an idol of some wholly unworthy spirit, or will pillory undeservedly some citizen who has failed to cultivate popular favor, so the paper industry, through similar curious perversion of popular sentiment, has been undeservedly outlawed and pilloried.

In the nature of things the industry could not have a press bureau to present its claims to the public.

Practically the entire press of the country, including the magazines, yellow and otherwise, constituted itself a gigantic press bureau for the undoing of the paper industry.

The political faith of some of these publications might, without stultification, warrant this attitude on their part; the political faith of many others involved much stultification.

Without reference to prior preachment, these easily became free traders as to paper, letting consistency go hang.

They were troubled not at all by the higher rates of other schedules, but the revenue rates of the paper schedule gave them vast indignation. But they accomplished the purpose of their propaganda.

There be some standard bearers of their political faith who must have this sorrowful thought, "How sharper than a serpent's tooth it is to have a thankless" newspaper.

Certain of these party organs have given illustrations of the fable of the "Frozen Snake."

Here is the demonstrated result of recent legislation. Canada still maintains the following duties on the products of American paper mills:

	Per cent.
Wall papers.....	35
Print paper, value not exceeding 2½ cents per pound.....	15
Other paper.....	25

Every pound of paper shipped into Canada from this country is subject to these duties. We did not trade with her upon terms; we simply made her a gift, without conditions.

The Marathon Mills, in which I am a stockholder, has shipped a little paper into Canada. I know this mill could sell a considerable amount of its product in Canada but for these Canadian tariff duties. This product is high-grade wrapping paper, not extensively made in Canada at this time. It is intolerable that Canada should ship paper duty free into this country and still maintain tariff duties and shut our paper out of Canada.

The United States collects no duties on Canadian paper products valued at less than 4 cents per pound, if manufactured from timber grown on lands from which Canada allows the free export of pulpwood to the United States. Practically, this means free trade in all paper products shipped into the United States from the Canadian mills. There is but little Canadian paper valued at more than 4 cents per pound. This is the effect of the act of Congress, as construed by our Treasury Department. It was doubtless the faint belief of those who framed this measure that it would give the American paper manufacturer free access to supply of Canadian pulpwood, and that this would be a great boon. There are two general classes of Canadian timber lands.

One class embraces lands held in fee without restriction; the other lands which, by reason of their tenure, are called Crown lands, or timber limits; these are subject to restrictive conditions preventing the export of timber products therefrom. So the act of Congress gave to American mills no added advantage as to the fee lands. But the Canadian interdictions on the export into this country of pulpwood from the Crown lands still continues. I believe that most Canadian paper mills are manufacturing paper indiscriminately from wood cut on both classes of lands and exporting such paper into this country. Every Canadian paper mill has free access to the timber on both classes of land. There is no way by which the revenue officials of our country can determine whether paper exported into this country from a Canadian mill has been made from Crown lands or fee lands. To correctly determine this would require a corps of surveyors and practical woodsmen, officials of this country, at every Canadian mill. But even if the export of Canadian paper to this country be conducted honestly and that paper only which is manufactured from wood grown on fee lands be thus exported, the result is a situation adverse to the American paper manufacturer and favorable to his Canadian competitor. Both have access to the wood on the fee lands; the Canadian alone has access to the wood on the Crown lands. He can manufacture paper for export to the United States from the wood cut on fee lands; for Canadian consumption, and for export to countries other than the United States, he can use the wood cut from both classes of lands. He can buy this wood on

the Crown lands cheap, because in buying he has no competition from American buyers. Thus the price of pulp wood on the fee land is increased and the price of pulp wood on the Crown land is diminished.

The CHAIRMAN. Your time is up, Mr. Brown.

Mr. MOSES. I will give him my time, Mr. Chairman.

The CHAIRMAN. You will surrender your time to Mr. Brown?

Mr. MOSES. Yes, sir.

The CHAIRMAN. Proceed, Mr. Brown.

Mr. BROWN. So the American paper manufacturer is whipsawed between this coil of circumstances on the one side and free trade in Canadian paper on the other. He also labors under the disadvantage of having a long-distance shipment on whatever pulp wood he obtains from Canada. Spruce pulp wood, that can be purchased at the Canadian mill at \$6 per cord, will cost about \$11 per cord at the American mill. Nor is this all the unequal penalty and burden imposed upon the American paper manufacturer. His Canadian competitor has an enormous advantage in respect to all his other raw materials. I herewith give the principal of these materials, with the Canadian rate of tariff duty and the rate in the United States:

	Canadian duty.	American duty.
Alum.....	Free.....	\$0. 51
China clay.....	do.....	.3690
Wire screens.....	17½ per cent.....	.4336
Wool felts.....	22½ per cent.....	.104

And I want to say to you gentlemen that in the Marathon mills the wool felt which we use in making paper, upon which the paper is spread as it goes through the rolls, costs us over \$30,000 a year; and I want you to consider the handicap we must be under paying the enormous duties like these upon our raw materials, including the raw materials that go into the construction of the mill, in competition with the Canadian and the foreign mill.

Here are some other articles, with the respective duties:

	Canadian duty.	American duty.
Aniline dyes.....	Free.....	\$0. 35
Sulphur.....	Free.....	Free.
Soda ash.....	Free.....	. 25
Chloride of lime.....	Free.....	.2413
Grindstones or pulp stones.....	10 per cent.....	1.1022
Cotton duck.....	15 per cent.....	. 45
Bronze castings.....	15 per cent.....	. 45
Other raw materials used in construction and equipment:		
Ores of all kinds.....	Free.....	1. 15
Pig iron and steel billets.....	\$1. 50.....	2. 50
Copper and brass, unmanufactured.....	Free.....	.....
Machinery.....	. 15.....	. 45

¹ Per ton iron ore

These Canadian rates constitute what is called the preferential tariff, applicable to imports from the British Isles and possessions. The rates as to other countries are somewhat higher, but are much less than the tariff rates in the United States. Generally speaking,

the range of duties in the Canadian tariff law are not essentially different from the foregoing examples. As the Canadian paper manufacturer can procure most of his raw materials either at home or from the British Isles and possessions, his tariff burdens can be measured by the preferential-tariff rates given.

Not being a tariff expert I have not been able to determine what are the American tariff duties on some of these materials. I am, therefore, compelled to leave this task to others.

I know that the Canadian rate of tariff on wool is about 2 cents per pound, and in this country the rate seems to be about 12 cents per pound. It is well known, however, that all our tariff rates are very much in excess of those of Canada.

I think I am safe in assuming also that in addition to the handicap of high tariff duties on all his raw materials, which compel the American paper manufacturer to pay tribute to various protected industries, he must also pay rates of wages which, as we are assured, are largely increased by protection. I am not indorsing this assumption, I am only advancing it for what it is worth.

The treatment meted out to the paper industry is indefensible from any point of view. It stands without a precedent, even in a country that has had all kinds of tariff grotesqueries.

I have heard the argument advanced that it was necessary that we admit paper and paper products manufactured from timber into this country duty free in order to conserve our timber resources. Yet our timber resources are relatively as great as our other resources. Wisconsin, Michigan, and Minnesota have in standing timber many million cords of pulp wood. This, as to Minnesota, consists mainly of spruce, gray pine, and poplar; in Michigan and Wisconsin mainly of hemlock, but with some poplar, spruce, balsam, and gray pine.

In 1910 Wisconsin paper mills used in cords of pulp wood 523,924 cords, of which but 6,987 cords was imported from Canada, or about 1 per cent. These figures do not indicate any shortage of timber resources in these States. Nor are the timber resources used in paper making any less on the Pacific coast or in the Southern and Eastern States. Those who have manifested this anxiety over the depletion of our timber resources have not, apparently, been interested at all in the depletion of our other natural resources. I refer to a great variety of the products of the earth which can not be replaced and which are protected by heavy tariff duties. Not only are these raw materials protected but the manufactured product therefrom is also protected. Timber can be reproduced; not so with many other products. However, the argument for conservation of natural resources through free trade in paper and paper products is as consistent and as honest as most of the other arguments that have been made against the paper industry.

I am not unmindful of the cardinal law of protection, that its tariff duties are always so nicely adjusted that something is given to everyone and nothing taken from anyone. Also, that each succeeding tariff law is the best tariff law we have ever had.

Thus is perfection made perfect—like automobile advertisements. Reading in the contemporaneous eulogy of the maker of a car that his car of 1909 is perfect, we wonder how there can be any chance for him to make a more perfect car in 1912. And yet in the advertisements of his new car of 1912 we find perfected perfection.

Notwithstanding the perfection of our last tariff revision, some doubts, some questionings have been intruded upon our felicitations. With all the favor bestowed by it on everyone, it did not seem to have any victim—any goat, if I may resort to the vernacular for a name—that could complain of lack of favor.

The publishers came to the conclusion that their industry should be the goat, temporarily at least, and preparatory to a shift of the honor. So the publishing industry made such outcry that its goatship was speedily transferred to the paper industry by special act of Congress. The publishers first had a pretended martyrdom in order that they might subject the paper industry to a real martyrdom.

I assume that a revenue tariff duty is one that will produce a fair amount of revenue on a reasonable volume of importations. Revenue can be reduced by making duties too low or by making them prohibitory. Many of the duties in our tariff schedules are of the latter character. Not so with the duties on paper and paper products.

Large quantities of pulp and paper are being imported into this country from Europe. These importations consist largely of pulp and wrapping papers. With cheap water power and large supplies of pulp wood and access to cheaper materials the paper manufacturers of these countries are able to carry on a vigorous competition with the American mills, the amount of such importations and the aggregate duty collected for the year 1911 being \$32,443,704 value; \$5,654,637, or about 16 per cent, duty.

For some years the European mills have been engaged in manufacturing and importing into this country Kraft pulp and paper. Kraft is a tough, strong wrapping paper, its strength resulting from the processes used in cooking and treating the pulp. The manufacture of this kind of paper is yet in its infancy in this country and Canada. The pulp is made from pine, spruce, and hemlock mainly, although other kinds of wood are used to some extent.

Slabs and waste from sawmills not useful for any other purpose in many localities can be used for making Kraft. A few Kraft mills have been built or are in process of construction in this country and Canada. I understand that four large mills of this kind will be in operation in Canada within a few months and that two mills are now being built in the South for the purpose of making Kraft out of southern pine. As pine is very suitable for making this paper I am satisfied that owing to the great timber resources of the South a large paper-making industry will be established there.

But the Southern mills will suffer more from Canadian competition than the northern American mills; for the Canadian mills will be nearer the great consuming centers of population close to the Canadian boundary.

Of great interest to American paper manufacturers is the litigation now pending between certain importers of European paper and the United States. It is claimed by these importers that the European paper manufacturing countries, are entitled to the same trade advantages we have given Canada in respect to paper. If this litigation is determined adversely to our Government, then a vast amount of paper will come to this country from Europe duty free. I will not attempt to prophesy what the result of this would be on the American paper industry.

It is not claimed by any one that Congress ever intended that Canada could ship paper into this country duty free and still maintain duties on our paper. Nor did Congress ever intend that European countries should have free trade in paper with this country, not according us any equivalent advantage. Even an absolute free trader may, without abjuring his faith, believe in commercial war against a nation that will not make just terms.

Mr. HILL. Do I understand you to say that you complain of the duty on your raw material?

Mr. BROWN. I do.

Mr. HILL. Your raw material is free, is it not—pulp wood?

Mr. BROWN. That is not free.

Mr. HILL. Is it not?

Mr. BROWN. No; we can not get pulp wood from the Crown lands; we can from the fee lands.

Mr. HILL. There is no duty on it?

Mr. BROWN. No, sir.

Mr. HILL. There is a duty on the article that you say you use \$30,000 worth of per year?

Mr. BROWN. Wool felt.

Mr. HILL. Of 104 per cent?

Mr. BROWN. One hundred and four per cent.

Mr. HILL. And that raw material is taxed a very high amount, but your raw material is free?

Mr. BROWN. Oh, no; our raw material, pardon me, is these felts we have to use to manufacture with.

Mr. HILL. I understood. But in drawing your comparison between the two ought you not to be strictly fair and admit that the manufacturing duty on your felts is not as large as many of the duties in the paper schedule? The high rate of duty is due to the fact that there is a large duty on the raw material, whereas on your product there is not duty on the raw material. Now would not that be fair?

Mr. BROWN. Well, it would depend simply upon conditions and circumstances.

Mr. HILL. I think if you would make your comparisons on the same basis it would be fairer all around.

Mr. BROWN. It might or not be a fair argument, depending upon the particular industry and the particular material, of course.

Mr. HILL. Yes.

Mr. BROWN. In reference to raw material and the pulp-wood element of raw material we get that from the fee lands in Canada without paying duty.

Mr. HILL. That is very possible. The question is, Is it free so far as the tariff law is concerned?

Mr. BROWN. Yes, sir.

Mr. FORDNEY. Mr. Brown, is it not true that in your part of the country there is no possibility of getting timber from fee lands?

Mr. BROWN. Practically that is true in Michigan, Wisconsin and—

Mr. FORDNEY (interposing). The fee lands are in Quebec?

Mr. BROWN. Yes, sir; the fee lands are mostly in Quebec.

Mr. FORDNEY. And from the Crown lands there is an embargo on exporting it?

Mr. BROWN. Yes, sir; an embargo on it.

Mr. FORDNEY. There is no export duty, only you can not bring them in at all?

Mr. BROWN. Can not bring it in at all.

Mr. FORDNEY. The Canadian law will not allow you to ship it out of Canada?

Mr. KITCHIN. Where is it that you say you can not get it?

Mr. FORDNEY. On the timber limits and Crown land there is an embargo on the pulp; it must be used in Canada; only timber cut from deeded lands can be exported; and more than half of the Crown lands are in Quebec, the eastern part of Canada.

Mr. BROWN. I will explain just a few minutes in closing, if you will pardon me. Now, to show one handicap we are working under, I will say that I am interested in the Wausau Sulphate Fiber Co., having a plant in the village of Mosinee, Wis. They had to purchase 4 digesters, and the best price obtainable in this country was \$29,000 for the four from a firm in Delaware. We finally went abroad to buy to a company in Berlin, Germany, and bought these digesters, and they cost us, delivered here, with freight and duty, the duty being 45 per cent, not quite \$14,000. The American digesters would have cost us, delivered at our mill, about \$30,000.

Now, in Canada they would have paid, as I recall it, about 15 per cent—no; 27½ per cent, if they had imported those digesters from Germany; and the Scandinavian countries, as I understand, have no duty at all on that class of machinery or equipment of paper mills, and yet we are subjected, as I say, to free trade with all the Canadian mills. That is what it amounts to; but we have to manufacture under this handicap of a much larger expenditure in building and equipping our mills and in the case of operation from raw material, such as aniline dyes and felts, and bronze casting, and duck and engine belting, and everything of that kind. I see my time must be up, and I will just summarize.

The CHAIRMAN. Let me ask you one question. Your argument is directly, mostly, against the provision of the reciprocity provision, if enacted into law, rather than it is to the necessity for an increase in the present schedule, is it not?

Mr. BROWN. Yes; I think the present schedule, except possibly in some items, is a revenue schedule as compared with all the other schedules; but there may be some particular elements of that paper schedule which would be what you call protective.

The CHAIRMAN. Do you not think this schedule is practically prohibitive on a great many of the articles?

Mr. BROWN. I think it is prohibitive, or practically prohibitive, on a vast number of articles. It is not prohibitive on paper, because we have imported under this existing schedule quite a large quantity of paper from foreign countries; and are now importing a good many thousand tons of pulp for paper every year.

Mr. LONGWORTH. Which particular item are you speaking of?

Mr. BROWN. I said that—

Mr. LONGWORTH. Which particular paragraph of the schedule are you speaking of?

Mr. BROWN. Of the paper schedule.

Mr. LONGWORTH. Yes.

Mr. BROWN. But I was speaking of the whole schedule.

Mr. LONGWORTH. But your particular paper is what kind?

Mr. BROWN. Oh, wrapping paper.

Mr. LONGWORTH. Under paragraph 411.

Mr. BROWN. Well, I have not studied the tariff act closely; it is what they call wrapping paper.

Mr. LONGWORTH. The duty is 5 cents a pound and 25 per cent ad valorem?

Mr. BROWN. No; it is 35 per cent. I can not see any justice in having per-pound duties in any schedules, and subjecting the industries that are under another schedule, or some other schedule, to either absolute free trade or to something very close to it. I do not see any justice in that. If you are going to have free trade I want free trade all along the line. If you are going to have tariff for revenue, I want tariff for revenue all along the line, and if you are going to have tariff for protection, why, I will probably be found willing to take my share of the "swag."

Mr. FORDNEY. Mr. Brown, gentlemen, is a Democrat, but one of the best fellows in the world outside of that.

Mr. BROWN. Thank you. I can reciprocate that, except as to your being a Democrat.

Now, to continue, so as to get through with this. There are a lot of matters that I want to call attention to, but I have not time to go over it. I will file a brief, however, and you can take it up in your own way.

For an illustration, I wish to refer to the Kraft paper mill, owned and operated by the Wausau Sulphate Fiber Co.

This mill is situated on the Wisconsin River at the village of Mosinee, Wis. It has now been in operation about 18 months. In building this mill it became necessary to purchase four digesters for cooking the wood. A leading firm at Wilmington, Del., offered to make these digesters for us, for \$7,250 each. This would make the total price f. o. b. New York, \$29,000. We finally had the digesters made by Pintsch & Co., of Berlin, Germany, for \$7,675. This was the price for the four, at the mill in Germany. We paid 45 per cent duty to the United States to get them into this country. This duty was \$3,453.75. The freight from Germany to our mill was about \$2,400. This made the total cost at our mill \$13,538.75. If we had bought of the American firm, and added the freight, the cost at our mill would have been about \$30,000.

The European paper-making countries impose no duties on this class of machinery, as I understand it. I know this to be so as to the Scandinavian countries.

Our Canadian competitors, in building Kraft mills, would have to pay 27½ per cent duty if they imported these digesters from Germany. I am not using this illustration as a criticism of the American makers of digesters, and am willing to assume that his price was as reasonable as he could make it.

Take the matter of wool felts, used extensively in paper making. The best quality of these felts is not made in this country. This Marathon Paper Mills Co., that I am interested in pays out at least \$30,000 each year for these felts. The American duty on felts is 104 per cent. But this does not represent the full burden of the tariff duty, for our tariff duties are pyramided, commencing with the duties on the raw materials.

Duties on the raw wool, duties on the manufactured product, and duties on all the machinery and equipment of mills will, if it be assumed that the matter adds appreciably to the cost, make a heavy total.

As to wages, I can not find that there is any essential difference between this country and Canada. Often an ascribed difference will be found to be due to some local situation.

We are all familiar with the wage difference between this country and the European paper-making countries, and unlike the labor in some countries, labor in the Scandinavian countries which ship large amounts of paper to this market is as efficient as ours. I make no argument that high tariff or protective duties have any effect in increasing wages. Personally, I do not believe in this doctrine, but a low wage cost of production in other countries, efficiency, and all other elements considered must be taken into account. Consider what it means to attempt to build and operate paper mills in this country under the enormous burden of heavily taxed raw materials and free trade in the product. Compare this with the greatly diminished cost of constructing and operating paper mills in Canada and Europe. I assert that not a single paper mill would have been built in this country in recent years if it had been known that the paper industry would be subjected to the sinister conditions that now obtain. And further, that no new paper mills will be built under these conditions. I am here to represent and speak for three mills in which I am a stockholder. They are new mills; they have as yet hardly obtained a foothold in the paper business. They have never been charged with any moral derelictions.

One of these mills is at Sartell, Minn., owned by the Watab Pulp & Paper Co. It makes print paper and has just commenced to make book paper, in the effort to free itself from the adverse conditions affecting the manufacture of print paper. The conditions as to book paper are really no better. The other two mills I refer to are located near Wausau, Wis. They have been in operation less than two years. One is the plant already mentioned at Mosinee, Wis., and the other the mill of the Marathon Mills Co. The latter is a wrapping-paper mill. The product of all these mills comes into direct competition with the Canadian and European mills. I took some part in the organization of these two mills at Wausau, invested my own money in them, and induced others to invest theirs. The money invested in them amounts to several million dollars and is all local capital. This entire investment is a cash investment. None of the stock or bonds of these institutions has ever been watered. Local pride had much to do with the building of these mills. When they were projected the era of extensive lumber operations in northern Wisconsin was drawing to a close. Sawmills were rapidly being dismantled. Communities affected by this recession of industry were looking anxiously for industrial development along other lines. Many water powers were lying unimproved, and others were abandoned or but partially improved. The employment of labor and the upbuilding of communities seemed to demand new enterprises. We turned to the paper industry as offering the only market for our water powers, as the only method by which we could utilize the large amount of hemlock and other pulp timber still remaining in northern Wisconsin, Michigan, and Minnesota. In developing these water powers and in building

and operating these mills we have added largely to the value of this timber and have furnished a market for water powers that would otherwise be idle, have given employment to thousands of men, and have added greatly to the prosperity of this section of the country.

I trust the members of this committee will pardon me for referring to these matters. They are probably of no moment to others, although of great concern to my associates and myself. Many of the views expressed here are mine personally, and no one else is responsible for them. I have never asked, and I trust I never will ask, any special governmental favor or privilege. And I think I can say truthfully that my personal interest does not in any wise affect or modify the belief I have held for 25 years upon the economic questions adverted to in this argument. Some of us are Republicans and some are Democrats; some are free traders and some protectionists. But we can all find common ground in protesting against injustice. I have tried to make plain to you some of the glaring injustices that are imposed upon the great paper industry. This industry has the right to ask for the same treatment in our tariff laws that is accorded to other industries.

In conclusion, I would say—

First. That section 2 of the so-called reciprocity act be repealed.

Second. If tariff duties generally be placed on a revenue basis, then that the paper industry be treated exactly like all other industries; that it be neither favored over others nor be discriminated against.

Third. If the present condition of free trade in Canadian paper is to continue, then that the American paper manufacturer be placed as nearly as may be in the condition of his Canadian competitors as to all raw materials used in manufacture, and in the construction and equipment of mills.

Some of our economists have advocated protection on all the products of human industry, including raw materials. Others have advocated free raw materials for manufactures in order to encourage manufacturing. But this warfare on the paper industry has been led by a new class of economists who advocate as to this industry heavily taxed and protected raw materials and free trade in the manufactured product, and in a large measure they have been successful in subjecting the paper industry to this injustice. I can not overlook the fact that this industry has been wounded in the house of its friends. In saying this I trust I am not guilty of the bad taste of intruding mere political matters upon you. This industry looks to those who have erred to undo the consequence of their error. It relies on those who will shape up the policies of the new administration to right these wrongs. The way to promote industrial development and well-being is to place all industries on an equality before the law. The men engaged in the paper industry ask no more than this, nor will they be content with anything less than this.

Mr. LONGWORTH. Let me ask you before you go, Mr. Brown, what the policy should be denominated that would put the finished product on the free list and leave a duty upon the raw material?

Mr. BROWN. I would call it an illegitimate offspring of no system whatever.

Mr. LONGWORTH. I thank you very much. I have been trying to find a definition for it myself.

Mr. BROWN. You can hardly call it a policy, because it is not a policy at all.

Mr. LONGWORTH. Well, it has been the policy of the majority of this committee.

Mr. BROWN. To put the finished product——

Mr. LONGWORTH (interposing). On the free list.

Mr. BROWN. And leave the raw material taxed?

Mr. LONGWORTH. Yes.

Mr. BROWN. I did not know that. I should hesitate to indorse that if I did not know the gentleman's truthfulness.

Mr. KITCHIN. You had better have some other witnesses from this side of the committee as to that, Mr. Brown.

Mr. BROWN. I think so, Mr. Chairman. I would rather have some other witnesses, although I do not question Mr. Longworth's say-so.

Mr. HILL. Do you not recognize that the proposed schedules would put \$5,000,000,000 worth of products on the free list and leave raw material dutiable?

Mr. BROWN. Well, I am not a tariff expert.

Mr. HILL. Well, do you not recognize that?

Mr. BROWN. It may be a fact.

Mr. KITCHIN. You had better put in the words "may be."

Mr. BROWN. I contend that, whatever may be said as to placing raw materials and manufactures on the free list—and I think there are two sides as to that—that any legislation which puts raw material on the dutiable list and places the other end of the mill, where the raw materials are taken in to be manufactured, on the free list, must be fundamentally wrong, and unjust.

Mr. LONGWORTH. I asked you that question because it is the policy of this committee; I wanted to know what you think of it and how you would define it.

Mr. BROWN. Whether it is the policy of the committee or not, I am against it.

Mr. LONGWORTH. You defined it as "the illegitimate offspring"—you will please repeat that definition?

Mr. BROWN. The illegitimate offspring of unknown parentage. [Laughter.]

The CHAIRMAN. Mr. Brown, our friends are trying to create policies for us that this end of the committee know not of.

Mr. BROWN. I understand, Mr. Chairman; but they wanted to relieve the tedium of these sessions by little side matters of this kind, and I do not blame them any.

TESTIMONY OF RICHARD A. SCHELLER, REPRESENTING THE NATIONAL PRINT CUTTERS' ASSOCIATION.

The witness was first duly sworn by the chairman.

Mr. SCHELLER. Mr. Chairman and gentlemen, I shall just read from this brief. This is a preliminary statement.

The National Print Cutters' Association has decided to call to the attention of this committee, through its representatives, certain cogent reasons why the tariff should not be reduced or changed with reference to Schedule M as to print blocks and rollers on which a hearing is to be held on Friday or Saturday, January 17 or 18, 1913. The said association hereby submits its objections in the form of various points:

POINT I.

Any reduction in the tariff on print blocks and rollers will result in a lowering of the wages obtained by the workers in the particular trade and will not result in any appreciable reduction in the price of material necessary in making the finished product.

A concrete illustration will best bring on the meaning of the head note to this point.

To make print blocks or rollers, the following labor forms a necessary part. It is necessary to use for the completed pattern, which is applied to wall paper, oilcloth, etc., six different rollers (on an average) to each pattern. These rollers are made of wood and in no case cost more than 40 cents apiece in their raw state; thus making \$2.40. In addition the other materials used are brass and felt, which together cost approximately \$4.50. This is all the material which is necessary in the making of a print roller.

However, the labor necessary is far in excess, and for a fact constitutes about 93 to 94 per cent of the sum total cost of manufacturing the print roller. For example, on an average a workman gets about \$77 for brassing the rollers; he gets \$11 for transferring the design, and he gets \$6 for felting, making a total of \$94.

The committee will see that the labor amounts to \$94 as against \$6.90 for material.

Suppose the tariff is reduced 10 per cent, causing a 10 per cent reduction in the manufacturing price of print rollers, it becomes evident that the 10 per cent would effect the entire product in this wise:

There would be \$9.40 of labor effected as against 69 cents of the material. In other words, it amounts to about 9 to 1, or there would be nine times the price of labor effected as against once of the price of the material.

Such a heavy reduction in the labor would be felt all the more strongly by the labor market in our country and especially in this line of business, which is highly specialized and requires a knowledge which can only be derived from five years apprenticeship, because of the comparatively meager wages obtained in the European countries for like labor. In England and Scotland, print cutters get from \$8 to \$10 per week; in Germany they get from \$8 to \$10.50; and in France they get an average of a like sum and in the United States the laborers get no lower than \$22 per week.

It should be mentioned in passing that the sum of \$22 represents a very gradual increase and represents the difference between \$20 and \$22, which former sum was the standard wage in this business for the last 20 years.

POINT II.

By reducing the tariff, as mentioned in the former point, the American manufacturer will not only buy his print rollers in Europe, but will also get his designs in the same place, thereby interfering with the labor market in the designing department of this particular business.

POINT III.

As the tariff stands to-day the workers in the print-cutting business are barely protected; that is to say, the tariff is so evenly balanced at the present time that the cost of importation, plus freight, plus the cost of the article abroad just about equals the cost of the product in our own country. Any reduction in the tariff would, of course, remove the protection which the laborer in the print-cutting business now enjoys.

Mr. KITCHIN. How much of that product was imported last year?

Mr. SCHELLER. That is something I have been unable to get, for this reason: As far as I understand the importation of print blocks from all the printed reports I can get on that subject, they have to mix it up with the manufactures of metal and wood, so we have not been able to pick them out.

Mr. KITCHIN. Have you ever seen one of the print rollers imported?

Mr. SCHELLER. I have seen some of them that have been imported, yes.

Mr. KITCHIN. That is what I mean.

Mr. SCHELLER. Yes.

Mr. KITCHIN. You have?

Mr. SCHELLER. Yes.

Mr. KITCHIN. Do you know how many of these we export?

Mr. SCHELLER. None at all, that I know of. I have never heard of any of them being exported.

POINT IV.

If the idea is to reduce the tariff for the sake of the ultimate consumer, the following discussion will show that such a reduction will be ineffectual for that purpose.

Let us suppose that the cost of making a set of print rollers is \$100, as was shown in a previous point, and let us suppose that the tariff was reduced 10 per cent so that such print rollers can be imported into our country for \$90. Each set of rollers can produce at least, on each particular pattern 25,000 rolls of wall paper. Originally the cost of each roll of wall paper would be one twenty-five thousandth part of \$100, whereas, under the reduction in the tariff the cost would be one twenty-five thousandth of \$90 or an ultimate difference in the cost would be one twenty-five thousandth of \$10, or would amount to four ten-thousandths of a cent. The difference would be so small that the ultimate consumer could never obtain the benefit of it, under any circumstances; because the manufacturer would disregard such a small difference in computing the cost to the ultimate consumer.

These figures may seem a trifle overdrawn and exaggerated. If so, the committee is at liberty to take an average output of a set of rollers at 2,500 rolls, in which event the difference would be so small as to be inappreciable.

POINT V.

Summing up the foregoing points they indicate the following:

1. That a reduction of the tariff would result in a large reduction in the labor of making print rollers and hardly any reduction in the cost of material necessary to make the print rollers.

2. That such a reduction would be 9 to 10 times as great for labor as it would for the cost of material.

3. That by reducing the cost of labor and the cost of material and opening up the American labor market to competition with the European market in the same trade; the American laborer would be obliged to compete with the European laborer, who only gets one-half his wages and whose mode of living is based on a like scale.

4. The difference in the price of wall paper or oilcloth or any other product for which print rollers are used, to the ultimate consumer, would be so minute as to be negligible.

Mr. SCHELLER. Now, Mr. Chairman, I have a set of these rollers outside, but I have understood to-day that if I would bring them in for examination here, it might be possible that I may have to leave them. But these rollers, I will say, I borrowed from an employer of mine and they are rather valuable, but if you care to see them I will show them to you gentlemen.

The CHAIRMAN. You do not have to leave your exhibits, but you may bring them in here to-night, if you wish to.

Mr. HARRISON. You have gathered your idea of members of Congress from the newspapers.

Mr. SCHELLER. No, sir; I came here prepared with them. I have them here to-day.

BRIEF OF THE INTERNATIONAL BROTHERHOOD OF PAPER MAKERS, ALBANY, N. Y.

ALBANY, N. Y., January 17, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, House of Representatives,
Washington, D. C.

DEAR SIR: Yours of the 15th, in answer to mine of the 13th, received, and as the time of the hearings before the committee has all been allotted I take this opportunity of presenting to your honorable committee, through you, a few of the many reasons why our organization is opposed to the present law for the importation of paper under the so-called reciprocity act.

First. We believe that those engaged in the paper-making industry should receive the same consideration as those engaged in other industries, and so long as the Government maintains tariff law on commodities the tariff should be maintained on paper in proportion to the difference in cost of manufacture in Canada and the United States, and according to the report of the committee which investigated the cost of producing paper and pulp in Canada and the United States it is shown that the Canadian industry has a decided advantage over the American industry on account of which we believe tariff on importation of paper should be levied.

Second. In the reduction of tariff the advocates of low tariff give as a reason that the great multitude of people of this country would be benefited by such a reduction. So much for the reduction. But in the entire removal of tariff from paper it appears that a very unwise and unjust measure is now in operation, and I venture to say that there is not a single instance where readers of newspapers are able to purchase a paper at a less price than before the tariff was removed, which is conclusive that the removal of the tariff on paper under the so-called reciprocity savors of favoritism to the newspaper publishers, and the readers of the paper receive no benefit whatsoever, and the employees engaged in the industry are injured thereby.

Third. The removal of tariff from the paper without doubt has been an incentive to build new mills in Canada, and temporarily the price of paper may be reduced to some of the publishers, but in every case where a reduction can be shown the wage earners engaged in the paper trade are being sacrificed to furnish cheaper paper to the newspaper publishers without any benefit whatsoever to the readers of the newspaper.

Fourth. The building of new mills in Canada no doubt has opened up an avenue of employment for what is known as the strictly skilled paper makers, who must secure a new home in Canada in order to follow his trade or calling, but this same market is also open to European labor, and on investigation it could be proven that some of the new mills recently built in Canada are being operated by European labor, so far as the skilled labor is concerned, and has worked detrimental to the best interests of the American workman.

PARAGRAPH 406—WOOD PULP.

Fifth. The largest percentage of newspaper made in the United States is made in mills wherein the employees work an eight-hour day, but in the paper coming into this country from Canada this is not true. In the Canadian mills, all employees, with the exception of the skilled paper makers, are compelled to work 11 hours per day and 13 hours per night at less wages per day, per week, or per month, as the case may be, than is being paid to employees occupying similar positions in the United States, and to our sense of justice the American workman's interest should not be sacrificed to procure cheaper paper, the general public or readers receiving no benefit therefrom.

Sixth. If by the construction of new mills in Canada, the price of newspaper is temporarily reduced, it will mean that American mills must meet this competition or go out of business, which they eventually must do sooner or later anyway, providing the present unjust law is not repealed. While they meet this competition, it will mean less care taken in the cutting of timber resulting in the devastation of our forests without any means or protection given to provide for care of the forests or reforestation.

Seventh. The importation of paper from Canada since the passage of the so-called reciprocity has already worked an injury upon a number of American workmen, as during the past nine months a number of employees engaged in the paper trade have been thrown out of employment because of the temporary closing down of mills for lack of business or low prices, whichever the case may be, another reason that the American workman should not be sacrificed or forced into idleness to satisfy newspaper publishers with class legislation and free paper.

For the reasons stated above, we believe and our organization has officially gone on record as asking for the repeal of this so-called reciprocity bill. If the United States Government was to remove tariff from all importations, I presume that we would then feel that we were not being discriminated against, but when the paper trade is singled out for attack after it has been shown according to record by Government experts that the cost of producing paper in Canada is less than in the United States, it is indeed time that something should be done to remove the continuance of this injustice.

Trusting that this will receive consideration at your hands, I am,

Respectfully, yours,

J. T. CAREY,
President-Secretary.

PARAGRAPH 406.

Mechanically ground wood pulp, one-twelfth of one cent per pound, dry weight: Provided, however, That mechanically ground wood pulp shall be admitted free of duty from any country, dependency, province, or other subdivision of government (being the product thereof) which does not forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge or license fee or otherwise) upon printing paper, mechanically ground wood pulp, or wood for use in the manufacture of wood pulp: Provided further, That if any country, dependency, province, or other subdivision of government, shall impose an export duty or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge, or license fee, or otherwise) upon printing paper, mechanically ground wood pulp, or wood for use in the manufacture of wood pulp, the amount of such export duty or other export charge shall be added as an additional duty to the duty herein imposed upon mechanically ground wood pulp when imported directly or indirectly from such country, dependency, province, or other subdivision of government. Chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight: Provided, That if any country, dependency, province, or other subdivision of government shall impose an export duty, or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge or license fee or otherwise) upon printing paper, chemical wood pulp, or wood for use in the manufacture of wood pulp, the amount of such export duty, or other export charge, shall be added as an additional duty to the duties herein imposed upon chemical wood pulp when imported directly or indirectly from such country, dependency, province, or other subdivision of government.

PARAGRAPH 406—WOOD PULP.

WOOD PULP.

TESTIMONY OF ARTHUR C. HASTINGS, PRESIDENT OF THE
AMERICAN PAPER AND PULP ASSOCIATION, NEW YORK
CITY.

The witness was duly sworn by the chairman.

Mr. HASTINGS. Mr. Chairman, the American Paper & Pulp Association, of which I have the honor to be president, desires to briefly bring to the attention of your honorable body a few facts relating to the paper industry of the United States and the effect of the adverse tariff legislation.

We understand from the platform of the dominant party that a revenue tariff is desirable for the conduct of the business of the United States.

The paper-industry of the United States represents an investment of some \$400,000,000, with an annual business, as shown by the last census of the United States, of some \$300,000,000, comprising an output of nearly 800 establishments, located in 32 States, engaged primarily in the manufacture of paper and pulp, employing some 80,000 people. At least 85 per cent of the production of these mills is of a quality of paper that could be imported into this country, of a value of not over 4 cents per pound at the point of shipment, thereby coming in free under the value requirements of section 2 of the so-called reciprocity act.

The importation of paper and pulp during the years that we have knowledge of has constantly increased under the duties that have prevailed, and to such an extent that it has been a detriment to the manufacturers of this country, and whom it has menaced most seriously under section 2 of the reciprocity act. First, because it has not only thrown open our doors to our greatest competitor, Canada, for her surplus production, but we are in great danger from other nations who are claiming the same privilege. This would flood our market to such an extent (through the lower cost of production) that many of the mills would be positively forced out of business, and some would have to curtail their operations to the extent of showing an actual loss in operation.

The statement herewith shows the constantly increasing importations of paper, and manufactures of, into the United States since 1880, with the quantities, values, and duties collected under the different tariff acts in force in those years.

PARAGRAPH 406—WOOD PULP.

Statement showing increase under Dingley Act of imports of paper and pulp into the United States, 1898-1911.

[Compiled from the reports of the Bureau of Foreign and Domestic Commerce, Department of Commerce and Labor.]

Fiscal year.	Printing paper ¹ not over 2 cents per pound to 1910; not over 2½ cents per pound after 1910.	Mechanical ground wood pulp. ¹	Chemical pulp, bleached and unbleached. ²	Value.	Total imports pulp, paper, and manufac- tures of paper (Schedule M), duties collected. ³
	Pounds.	Pounds.	Pounds.		
1898.....		48,270,574	16,170,510	\$6,324,372	\$1,001,947.65
1899.....	50	49,038,269	22,877,915	6,943,510	1,103,563.44
1900.....	171,424	70,222,823	110,320,755	9,772,901	1,628,180.61
1901.....	36,277	22,979,155	79,425,575	9,371,927	1,507,229.01
1902.....	98,586	42,892,200	105,752,161	10,414,190	1,690,866.87
1903.....	41,306	87,350,675	168,595,354	12,444,744	2,091,798.03
1904.....	3,781,160	160,136,127	139,098,375	13,449,941	2,274,167.91
1905.....	6,633,242	232,757,369	143,221,154	14,714,452	2,542,106.70
1906.....	3,576,718	182,044,993	169,302,862	17,183,651	2,978,498.25
1907.....	17,466,620	235,413,303	242,099,569	23,528,051	4,231,262.49
1908.....	29,058,120	256,790,634	286,159,107	25,573,077	4,725,399.84
1909.....	37,055,028	260,279,169	353,065,803	25,888,458	4,621,089.75
1910.....	92,911,514	319,347,092	528,092,767	29,403,504	* 5,288,397.55
1911.....	106,615,814	529,230,512	573,128,202	32,443,704	5,654,637.35

¹ Imported entirely from Canada up to 1908.

² This pulp comes chiefly from Canada, Norway, Sweden, Finland, and Germany.

³ Estimated through 1908 at 21 per cent on dutiable imports on basis of collections of 1907; for 1909 computed at 17.85 per cent.

* Estimated for the full fiscal year of 1910 on basis of figures for 6 months.

At present, as you are probably aware, a large proportion of the importations of paper and pulp are coming into this country absolutely free from Canada, and pulp from some other nations. While we do not concede that the interpretation of the Treasury is correct in allowing these importations to come in under this ruling, we desire to call to your attention to the facts as presented by the importations for the 11 months ending November, 1912. Under the Payne-Aldrich bill the duties accruing to the United States, if enforced on all importations, would for the year, on this basis, amount to \$1,724,726.61, while, as a matter of fact, we are presenting to the exporters duties amounting to \$575,110, due to section 2 of the reciprocity act.

We, as an industry, are entitled to the same treatment as any other legitimate manufacturing industry in this country. We believe that when business is normal, and the demand equal to the supply, the tariff has little or no direct influence on price; that in times of depression it is a protection to the home manufacturer, but with the present tariff, under no conditions, are the rates so high but that foreign paper and pulp can, and is, imported into this country.

The law of supply and demand governs the price of all our production, probably more exactly than in any other manufactured article. Our goods are bulky, and it is almost impossible to store any quantity of paper except at a prohibitive cost, the result being that, in time of general business depression, mills in order to keep their employees at work run their plants even to the extent of manufacturing an article that they know they are losing money on. When it comes to the time when their losses are more than they

PARAGRAPH 406—WOOD PULP.

can actually labor under, their plants have to be shut down, and every pound of paper and pulp imported into this country during such periods lessens the ability of the American manufacturer to keep his employees engaged.

We point to the fact that the increase in capital invested in the United States has been very little since the agitation which was started by some of the publishers at the time of the co-called "Mann" investigating committee, at which time the manufacturers of this country freely threw open their mills and their books to this committee, who made as full an investigation as they cared to make. This committee recommended that one grade of paper only—news paper—was entitled to a duty of \$2 per ton when made from unrestricted wood. The cost of manufacture, however, did not include the difference in the cost of the wood itself, which is the principal factor in the manufacture of the cheaper grades of paper. Under the Payne-Aldrich bill, which you are familiar with, the rate of duty on the different grades of paper was changed but little, except on news paper, where it was lowered from \$6 a ton to \$3.75, with a penalty attached of \$2 a ton if the paper was made from wood that had been restricted. The Tariff Board made a most exhaustive inquiry into the cost of paper in the United States and in Canada, and unanimously reported that there was a difference of \$5.35 a ton in the cost between this country and Canada, saying nothing of other countries.

While our greatest competitor in this grade of paper is Canada, we wish to point to the fact that England, Germany, and Sweden are large producers of the lower grades of paper; that the principal export trade which is accessible to us is almost entirely held by those countries. For instance, the South American trade is largely held by Germany. If they were unable to compete with us we believe this trade would be held by our manufacturers.

The present condition of the paper business in this country is that we are attacked in our home market by nearly every country in the world; that we are shut out from their markets by tariffs much higher than the ones existing here at present, the result being that we are the dumping ground for every paper and pulp manufacturing country.

The many different grades of paper I understand are to be represented here to-day, and on behalf of their particular grade of paper, the plea of our association is that this whole matter should be treated in a serious and unprejudiced manner; that the pressure brought to bear upon Congress by one class of interested consumers should not weigh against the facts which are easily ascertained by any department of the Government.

Taking up the questions in order as you have designated would say:

Schedule M, we desire that none of the articles under this schedule be changed unless in your deliberations you should find, and we believe correctly, that a larger revenue could be obtained by an increase, in many instances, of the present duties.

The increase in importations by a lowering of the tariff would amount to very little; a considerable increase in duties would result in a large increase in revenue without serious interference with the quantity imported.

PARAGRAPH 406—WOOD PULP.

Our experience is, as stated, that the American market is a dumping ground for the surplus production of other countries; that this surplus would still be brought in here almost irrespective of duties as long as they were not prohibitive.

We would recommend this simplifying of the wording under Schedule M, paragraph 406, to read as follows:

Provided, however, That if any country, or any dependency, province, or other subdivision thereof shall forbid or restrict the importation of mechanically ground wood pulp or wood used for the manufacture of wood pulp, the importation of mechanically ground wood pulp from such countries shall be forbidden or similarly restricted, or if it imposes any export duty, export license fee, or other export charge of any kind whatsoever, either directly or indirectly upon any mechanically ground wood pulp or any wood used in the manufacture of wood pulp, the amount of such export duty or export charge shall be added as an additional duty to the duties herein imposed upon all wood pulp when imported from such country.

The same wording should also apply to chemical pulp and printing paper, and the value should be set at not above $2\frac{1}{2}$ cents per pound.

Mr. HAMMOND. Will you give us the first two or three lines of that again?

Mr. HASTINGS. We would recommend this simplifying of the wording of Schedule M, paragraph 406, which reads as follows:

Provided, however, That if any country, or any dependency, province, or other subdivision thereof shall forbid or restrict the importation of mechanically ground wood pulp or wood used for the manufacture of wood pulp.

Mr. HAMMOND. That is meant to cover any province, subdivision, or dependency?

Mr. HASTINGS. Any dependency, province, or other subdivision.

We object to the administration of the present law.

Finally, under a consistent policy of judicious consideration of the welfare of this industry, it can and will maintain the same rapid growth and improvement in methods. There are abundant water powers, an ample supply of suitable wood and other material to increase the production thousands of tons annually, and particularly in the South and West, where there are many undeveloped water powers, large supplies of suitable material for the manufacture of paper and pulp, in addition to thousands of tons of other material which are now going to waste, such as cotton plant and cornstalks, seed delint, flax, and many other fibrous plants.

We point to the fact that in the State of Mississippi there has recently been erected a plant—which expects to be in operation in March—to produce some 10,000 tons a year of high grades of wrapping paper. These papers at present take a duty of 35 per cent ad valorem, which, at the present valuation, is \$21 a ton.

Texas, Louisiana, Georgia, North and South Carolina, Virginia, and West Virginia have plants producing large quantities of paper.

The mills in this country making these grades of paper have not run their mills to capacity for several years, largely due to the importations and a productive capacity in excess of the consuming power of this country.

We make no plea that we are an infant industry. Any manufacturing industry in this country that can show, as we do, that in 32 years the production in all kinds of paper has increased from 452,000 tons per year to 5,500,000 tons, and that the capital investment has

PARAGRAPH 406—WOOD PULP.

increased proportionately, is nearly a full grown, rather than an infant industry; but to continue the same rate of growth, or to live, we must have consideration and be put upon the same basis as to Government income as the people from whom we buy, and to maintain the standard of living our employees are accustomed to.

In proof of our contentions that the activities of the American Newspaper Publishers' Association is entirely along the line of overproduction, irrespective of the welfare of American institutions, inviting capital to invest in Canadian mills, we quote from their bulletin No. 2747, dated New York, September 21, 1912, as follows:

"Paper has been offered in New York State at \$2.10 delivered. The Canada Paper Co. of Windsor Mills, Quebec, has contracted with the Ohio Select List (which is a combination of papers) of 35 newspapers, for delivering approximately 3,000 tons of paper per annum, at \$2.13 destination, net 30 days. * * * Freight rates varying from 13 to 15 cents, making the price vary from \$1.95 to \$1.98 f. o. b. mill. * * * One very large concern in the paper industry with an output approximately 200 tons a day, is averaging \$1.95 f. o. b. mill for all of its output.

"Before next April the total new production of news paper to be thrown on the market will approximate that of the International Paper Co., now making the figures of immediate and prospective developments exceed 3,000 tons per day, an amazing advance in volume."

The total number of mills reported in this statement as above are 22, of which 7 only are contemplated in the United States, with a total capacity of 370 tons, or less than 12 per cent of the total estimated capacity of the new mills for 1912 and 1913.

We quote again from the same bulletin:

"The new mills already on the market have been adding 575 tons per day to the output. The summer decline in number of pages printed and in circulation due to diminished business is estimated as equivalent to 800 tons per day of reduced consumption in a total of 4,500 tons per day. The newspaper strike and boycott in Chicago have contributed somewhat to lessen the demand for paper."

We are merely giving these extracts to show the attitude of supposedly American institutions by openly gloating over an increased production of paper in a foreign country, when it admits in another section that the home market at that time was oversupplied.

The American manufacturers insist that their market is desirable, and that for this market some consideration must be given by the exporting country. This condition confronting them is more serious as it goes on, and we must have consideration at the hands of this Government.

We quote from numerous editorials and articles in Canadian papers to prove that the only desire of the American publishers is to stimulate overproduction of paper, irrespective of where it is to be manufactured:

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QUEBEC'S ACT ONLY A START—THAT IS HOW UNITED STATES PUBLISHERS REGARD REMOVAL OF EMBARGO—OTHER CONCESSIONS MUST FOLLOW NOW—SUBSTANTIAL BEGINNING TOWARD SWEEPING AWAY EVERY RESTRICTION, THEY SAY.

NEW YORK, January 4, 1913.

Mr. John Norris, chairman of the committee on paper of the American Publishers' Association, said to-day that the action of the Provincial Council of Quebec in removing the restriction upon the exportation of pulp wood from the Crown lands of four large mills, viz, Laurentide, Belgo-Canadian, Price Bros. & Co., and Wayagamac, insures the admission into the United States free of import duty of all the products of those mills which have a producing capacity of 480 tons per day of news print paper and 50 tons per day of kraft paper.

"It is inevitable," he said, "that the other and smaller mills in that Province will obtain a similar concession when they ask for it, and that the news print paper mills in Ontario will be forced by competition to obtain equal concessions from that Province. British Columbia removed its restrictions last summer for the Powell River mill.

"The action of the Provincial Government is calculated to stimulate new production in Canada to supply the large and increasing market in the United States."

Paper concerns' better profits.—It is estimated as a result of the better conditions which will attend the export of paper from Canada because of the alteration in the policy of the Quebec Government concerning the export of pulp wood that the earnings of the Laurentide Co. will be increased by not less than \$150,000 per annum, and those of Price Bros. (Ltd.) by not less than \$100,000 per annum.

Other concerns, such as the Belgo-Canadian Co., will realize much greater profits in proportion to their output.

All like concerns in Canada, it is expected, will share in the prospects for greater trade extensions.

Will keep wood for their own use.—As is natural, those Canadians who get their material from the lands where there is no embargo have no desire to see the removal of the restrictions on the Crown lands, and the policy which has been adopted is said to be due to them.

By this it is thought that the limit holders will be enabled to get the free entry for their paper, but will, it is understood, see that no wood is exported from their holdings, and keep it for their own use, even though the restrictions are removed.

During the last 12 months or so a somewhat critical situation has developed in the pulp and paper industry in Canada. The big profits made by some of the older-established concerns around 1910 created a boom in the following year, and as a consequence about 20 new companies with a capitalization of more than \$40,000,000 were incorporated during 1911.

The result was overproduction and congestion of the market. So much was this the case that some of the newer firms had difficulty in finding a market for their product and had to sell at prices which only just about covered the cost of production.

* * * It is to avoid this surtax that the Couin government exempts the aforesaid paper companies from the prohibition which it decreed itself. These companies are not interested in exporting the pulp wood; on the contrary, their interest is, now that they are established here, to convert it into paper; but in order to have their production reach its maximum it is necessary that the American market be opened to them.

We may note that the same policy was adopted in British Columbia.

The purpose of the exemption is to aid the paper industry in the Province. This was likewise the purpose of the general prohibition imposed two years ago to prevent the export of unworked wood. Far from being a restriction, the last act of the Couin government has for its object the same purpose as the decreeing of the prohibition itself.

* * * A few months before this agreement the government of Sir Lomer Couin, acceding to the pressing demand of Canadian manufacturers of pulp and paper, had prohibited the export of rough wood cut on Crown lands. The purpose of this prohibition was to force the American paper mills to come and establish in the Province in order to insure for themselves the raw material (pulp wood), and this purpose was attained, as about 15 pulp factories came to establish in our territory in consequence of the prohibition.

* * * The objection was ventured that these companies could then sell their pulp wood instead of their paper. Their own interests is a guarantee that they will do nothing of the kind. Why should they sell pulp wood at a price of from \$5 to \$6 per cord, while they may sell it converted into paper at a price of \$50 to \$60 per ton?

Upon this condition of affairs the Quebec Chronicle remarks: "It remains to be seen if the astute Uncle Sam is likely to be flimflammed by any such transparent device."

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Mr. HARRISON. Section 2 of the Canadian reciprocity act is now in force, is it not?

Mr. HASTINGS. Yes, sir.

Mr. HARRISON. Under that, print paper made out of wood cut on freehold land is coming into the United States free of duty?

Mr. HASTINGS. Yes, sir.

Mr. HARRISON. Did that provoke a claim from any of the nations that under the most favored nation clause of our treaties with them they were entitled to free entry for their print paper into the United States?

Mr. HASTINGS. Yes, sir. All papers of a value of 4 cents at the point of shipment.

Mr. HARRISON. What were those countries?

Mr. HASTINGS. Norway, Sweden and Germany, particularly.

Mr. HARRISON. What was the decision of the Treasury upon that?

Mr. HASTINGS. The decision of the Treasury was that they did not at present have that right, and they therefore refused.

Mr. HARRISON. And upon what ground?

Mr. HASTINGS. That has been tried yesterday or the day before in the Customs Court here, and I am not familiar with it.

Mr. HARRISON. The decision has not been rendered?

Mr. HASTINGS. There has been a decision rendered by the appraisers, but I believe leave has been granted for some further papers to be filed. I am not really familiar with it.

Mr. HARRISON. Did that decision sustain the position of the importers?

Mr. HASTINGS. No; it sustained the position of the Government, which was that they had no right to bring under those treaties.

Mr. HARRISON. Now, what has been the actual effect of the enforcement of section 2 of the Canadian reciprocity act? Has it induced any of the Canadian Provinces to take off their export tax upon lumber cut on Crown lands?

Mr. HASTINGS. It has had this effect. Four mills in Quebec have had released to them certain lands adjacent to their mills upon which they can cut wood and make their paper there, claiming they can bring it into this country without paying duty, and that is not only newspaper print, but paper with a value in the present market of $3\frac{1}{2}$ cents a pound.

Mr. HARRISON. That refers only to the paper. They are only interested in getting the paper into our market?

Mr. HASTINGS. The paper. I have already indicated, and given you extracts from Canadian papers showing what they expect to gain by this.

Mr. HARRISON. What has been the effect upon the price of paper under 4 cents a pound in the American market by the importations under section 2?

Mr. HASTINGS. It has been reduced no doubt. I should say, roughly, 10 per cent, due to overproduction in Canada. There are mills under construction and being financed, some 22 mills, to make 3,000 tons a day. The business is being driven out of this country into Canada.

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TESTIMONY OF MR. MORRIS GINTZLER, OF NEW YORK CITY,
REPRESENTING THE AMERICAN WOOD PULP COMPANY.

The witness was duly sworn by the chairman.

MR. GINTZLER. Mr. Chairman, I am here before you gentlemen representing the Association of American Wood Pulp Importers, a membership corporation organized under the laws of New York State, as being importers of wood pulp. The importers, in turn, represent the interests of the American manufacturers who are dependent upon their supply of wood pulp from abroad. Strange as it may seem to be, it is a fact that this country does not manufacture sufficient wood pulp to accommodate the demand for it. There have been no new pulp mills erected in this country for some years, owing to the fact that existing woodlands are almost entirely in the control of the present owners of wood-pulp mills or lumbering interests, so that there is no room for any additional pulp mills.

There are in this country approximately 800 paper-manufacturing plants, and of these about 500 use chemical pulp, technically known as "sulphite" pulp or "sulphate" pulp, there are altogether some 94 pulp mills in this country to furnish these paper mills with their raw material or chemical pulp, and of these 94 pulp mills some 76 have paper mills as a part of their own plant and do not dispose of the pulp to others who manufacture it into paper and sell the finished product, so that there are only a comparatively few pulp mills in this country that manufacture pulp for sale. Some of these pulp mills that manufacture pulp for sale also have paper mills in connection with their plants, and these paper mills do not absorb the entire amount of pulp. Hence, they have some surplus to sell.

As a matter of fact, there are only six pulp mills in this country that are operating exclusively for the manufacture and sale of pulp; so that the attention of this committee is called to the fact that any increase in the duty on pulp, should it be contemplated, would be of benefit only to these six mills and would be at the expense of more than 400 paper mills that are obliged to buy their pulp in the open market.

We also ask this committee in drafting the new bill embody the same tariff, whatever it may be, to apply to European as well as Canadian pulp. We imported from Canada last year about one-sixth of the total imports of unbleached pulp, and of this about one half was admitted free of duty and the other half paid the same duty as the foreign pulp. We contend that it is unfair competition and undue discrimination to have Canadian pulp admitted free of duty and the European pulp subjected to a duty. It is of no benefit to any American interests whatsoever, and on that account we recommend very strongly that the same rate of duty shall be imposed upon the European pulp and upon the Canadian pulp.

MR. FORDNEY. Then you suggest free trade on foreign pulp, do you, Mr. Gintzler.

MR. GINTZLER. No, sir.

MR. FORDNEY. To meet the free pulp coming in from Canada?

MR. GINTZLER. No, sir; I do not. There is the other alternative of levying the same duty on Canadian pulp and on European pulp.

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Mr. FORDNEY. They get the pulp from deeded lands in Canada free?

Mr. GINTZLER. Yes.

Mr. FORDNEY. But there is a duty on the other because of Canada's restriction on the Crown lands?

Mr. GINTZLER. Yes.

Mr. FORDNEY. How, then, would you arrange the duty on foreign imported pulp to meet the Canadian pulp, one class of which is free and the other dutiable?

Mr. GINTZLER. By placing a duty on the pulp which comes from deeded lands all over the world.

Mr. FORDNEY. Would it not be better to put the pulp now coming in free from Canada, and the pulp now on the protected list—let it all be protected?

Mr. GINTZLER. Yes, that would be better, fairer, and more equitable. During last year some 285,000 tons of unbleached pulp were imported in this country and 178,000 of bleached pulp, netting a revenue of about one and a quarter million of dollars. This duty has not proven to be any hardship, and it has enabled the American manufacturer to compete with the other mills that have chemical pulp mills. There is another phase of this tariff to which your serious consideration is invited. There has been some discussion given to the subject of an ad valorem duty. The duty at present on chemical pulp is on a specific basis, one-fourth of a cent a pound on bleached pulp, and one-sixth of a cent a pound on unbleached. The various grades of the different classes of pulp do not vary in market value more than 15 per cent, and the average on the foreign is only about 5 per cent.

There is a very important factor to be considered in connection with the tariff on pulp, and that is that all paper manufacturers contract for their supply of pulp usually about a year in advance of their requirements; that is, during the spring they will contract for their requirements of pulp for the following year, and with an ad valorem duty and the fluctuations in the market the paper manufacturer here will never know where he is going to land. If the duty is made on an ad valorem basis, the duty to-day will figure a certain percentage on the value of the pulp, and in six months, if the market is high, the duty will be correspondingly higher, or if the market is down, it will be lower.

Chemical pulps have fluctuated a great deal in value. They are to-day fully 20 per cent higher than they were two years ago, for instance. So that, unless the duty were retained, if it is to be retained on a specific basis, it would cause a great deal of unnecessary hardship, without bringing to the Government any corresponding benefit.

The duty under the Dingley bill and under the Payne-Aldrich bill has been operating on a specific basis, and it has been satisfactory in its operations both to the Government and to the importers, and, indirectly, to the consumer of paper.

The entire production of pulp in this country, the maximum possible production, is less than 5,000 tons a day. The importations of this article from Europe and from Canada have been about 25 per cent of the production in this country, and this 25 per cent represents

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simply the amount which the American mills could not supply—that is, it was a physical impossibility to supply that additional quantity, and any additional tariff based on pulp would simply be a burden on the consumers of this pulp.

The following brief was filed on behalf of the Association of American Wood Pulp Importers:

IN RE SCHEDULE M.

To the WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

SIRS: We, the Association of American Wood Pulp Importers, representing 75 per cent of the importations of chemical wood pulp, appear before you with reference to Schedule M, pulp, paper, and books, particularly with reference to section 406 of the tariff act of August 5, 1909.

Paper manufacturing is one of the leading industries of the United States, there being 763 plants now in operation engaged in this industry. The raw material entering largely into the manufacture of paper is chemical wood pulp, generally known as sulphite, sulphate, or Kraft pulp. The present duty on this material is one-sixth of a cent per pound, dry weight, if unbleached, and one-fourth of a cent per pound, dry weight, if bleached. There is, however, this exception to be noted: If imported from Canada, when manufactured from wood on the exportation of which there is no export restriction, it is now admitted free of duty in accordance with section 2 of the Canadian reciprocity act, which became effective July 26, 1911.

Of the 763 paper mills now in operation in the United States, 538 paper mills use chemical pulp in their manufacture. There are in this country 94 mills manufacturing chemical pulps, having a maximum capacity of 3,363 tons of unbleached pulp per day and 1,155 tons of bleached pulp per day. Of these mills only 18 are engaged in the sale of pulp; the other 76 pulp mills have paper mills also, which use up their entire production of pulp. Of the 18 mills engaged in the sale of pulp, 12 have paper mills in connection with their pulp mills, and sell only such portions of their product of pulp as is in excess of their own requirements at their paper mills, so there are really only 6 chemical sulphite pulp mills in this country actually engaged in the exclusive manufacture and sale of their product. These 6 mills have a maximum daily capacity of 635 tons, of which 430 tons is bleached pulp and 205 tons unbleached pulp.

It is impossible for our domestic mills to supply sufficient pulp for our paper mills, and, on account of the increased manufacture and consumption of paper in this country, the importations of chemical pulp have largely increased.

No new pulp mills have been erected in this country since some years, owing to the scarcity of suitable woodlands in the United States. Existing woodlands are now owned or controlled largely by present pulp and paper-mill owners or lumber concerns, making it difficult for prospective pulp manufacturers to hope for any opportunity of profitable competition.

We respectfully refer to the brief read before and filed with this committee at the hearing November 21, 1908, and printed in *Tariff Hearings, Sixtieth Congress, 1908-9*, page 6021. The conditions of the industry therein described are still prevailing. The cost of the production of pulp in Europe has greatly increased in the past five years owing to the increased scarcity and resulting enhanced cost of wood and higher cost of labor, coal, ocean freights, etc.

Foreign pulps command a higher price than domestic on account of their higher quality. Under the present tariff the foreign manufacturer of unbleached chemical pulp is under an additional cost of about \$10 per ton, and of bleached pulp about \$12 per ton, on account of charges for packing, foreign inland freight, ocean freight, importer's profit and duty, of which the domestic manufacturer has the advantage; consequently the foreign pulp must be and is sold at a higher price than domestic, and the market to-day for foreign pulps rules from \$3 to \$4 per ton higher than for domestic. This comparatively small difference is made possible only by the economies of manufacture which are being taken advantage of so generally in Europe and so generally neglected in this country. For instance, with the exception of one mill here, all mills in

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this country burn sulphur to generate their sulphurous-acid gases used in cooking the pulp; but abroad the mills generally burn pyrites to get their sulphurous-acid gases, resulting in a saving in cost of about \$2 per ton of pulp.

In spite of the reluctance of the American manufacturer of pulp to use the most modern methods, no chemical sulphite pulp mill has failed in business since the last 16 years.

During the year 1912 some 285,000 tons of unbleached pulp, upon which about \$900,000 duty has been paid, were imported, and during the same period about 78,000 tons of bleached pulp, subject to a duty of about \$390,000, were imported, thus netting to the Government a revenue of over \$1,250,000 for the year. From these amounts of importations 46,000 tons of unbleached pulp—about one-sixth of the quantity—came from Canada, and from this about one-half was admitted free of duty. Of the bleached-pulp importations some 6,000 tons—about one-thirteenth of the quantity imported—came from Canada, all free of duty.

We ask that European pulps be placed on the same basis as the Canadian, as we consider the competition unfair and unreasonably discriminative, and at present of benefit only to the Canadian mills, without any corresponding advantage accruing to any American interests.

Any additional burdens placed upon pulp may possibly be to the advantage of the very few pulp mills who manufacture their product for sale, but it would add a heavy load to the nearly 400 paper manufacturers in this country who are obliged to buy their pulp, and it would place them at a great disadvantage with the other paper mills having their own chemical pulp mills.

We further desire to point out to your honorable body the importance of retaining the tariff on wood pulp, whatever it may be, on a specific basis instead of on an ad valorem basis. The value of pulp, whether bleached or unbleached, from the lowest grade to the highest of each class does not vary in the average more than 15 per cent, and in the majority of cases the variation in market values does not exceed 5 per cent. An ad valorem duty gives rise to differences in opinion as to market values, and exposes the importer to severe penalties for possible unintentional undervaluations, and gives the opportunity to unscrupulous importers to undervalue importations and thus cause unfair competition to others engaged in this industry.

We venture the opinion that the operation of the tariff act on the wood pulp schedule on a specific basis, has been satisfactorily both to the Government and to the importer, and we most strongly urge upon you not to make any change in this respect.

We have tried to make our brief short, and have not gone to any exhaustive length on any of the points to which your attention is called. However, for the purpose of bringing the matter still more clearly before you, we make herewith résumé of the questions involved:

First. The tariff on pulp should not be advanced for reasons mentioned.

Second. European pulp should be placed on the same basis as Canadian pulps.

Third. The tariff, if continued, should be continued on a specific basis and not on an ad valorem basis.

Respectfully submitted.

ASSOCIATION OF AMERICAN WOOD PULP IMPORTERS.

Members: J. Andersen & Co., Atterbury Bros. (Inc.), Ira L. Beebe & Co., Frederick Bertuch, E. Butterworth & Co., Castle, Gottheil & Overton, Alton Faunce, Rudolf Helwig, C. F. Hubbs & Co., Perkins-Goodwin Co., C. W. Rantoul Co., Felix Salomon & Co., E. M. S. Sergeant Co.

STATEMENT OF F. L. STEWART, MURRYSVILLE, PA.

MURRYSVILLE, PA., February 10, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: It was thought proper by those who are interested with myself in bringing quickly into practical use an entirely new system or process of treatment for the production of paper pulp, that I should have the opportunity of a hearing before the committee at an appointed time. Unfortunately, it happened that the hearings on

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the paper schedule were closed before we received word that the date fixed for them was already past and the hearings closed.

In that case I felt free to adopt your suggestion that I submit a brief on the question for consideration by the committee.

I beg to say that our motive in this matter is entirely unpartisan and without any desire at all to advocate any immediate modification of the pulp or paper schedule. But we realize that we are responsible for bringing into use this new system of pulp manufacture so as to supply it as soon as possible to the paper trade and the manufacturers of cellulose products. In its practical application, under existing circumstances, we feel justified in saying that this innovation means really a new industry, and one of such a nature as will enable the general public to largely share in all the benefits resulting from it. The great value of the new process has now been fully demonstrated, not only in its capacity to supply pulp or cellulose of superior quality at a very low cost, but in such abundance from otherwise waste natural sources as to make it certain that the supply will never fall short of meeting the existing need or the demand for it at any time in the future.

At this time we simply wish to call attention of the committee to the fact that probably very soon after the incoming of the new administration it is our purpose to establish the business of pulp production under the new system throughout the country with the least possible delay. We recognize, as we think all do who have any acquaintance with the existing conditions which are limiting the supply, increasing the cost, and lowering the grade of paper as now produced, that a crisis is impending when a paper famine will exist without any visible means of relief.

We take pleasure, however, in saying that in this handicapped condition of the paper trade we propose to provide the means of supplying the existing need and to prevent any misapprehension that at any time in the future the natural supply from this new source may be inadequate to meet the ever-increasing demand.

This might justly be regarded as an extravagant or incredible statement if it were not that it has been fully demonstrated that the fibrous cellulose, which is the principal constituent of all plant structure and is immeasurably the most abundant of all organic products the world over, is thus made directly available for this use. In short, we have the whole vegetable world under our control for this purpose, and as long as plant life is maintained on the surface of the earth we have in that the guaranty that the supply of paper stuff will never be exhausted. At present paper, good and bad, is obtained almost entirely from only three sources—linen and cotton rags and wood.

It is said that any one of the large American or London papers consumes each day fully 10 acres of an average forest. We hope to supply the newspapers with a much better quality of paper than the ordinary newspaper at a lower cost. That and the raw material from which a standard quality of book and writing paper is now producible will be supplied from the wild growths of reeds and coarse grasses of our marshes, the dense undergrowth of the forests in some of our Southern States, and the waste products of our fields. What remains of our forests can be put to a better use than for the production of mechanical wood pulp. It requires at least 30 years of growth before a forest tree can be made use of economically for that purpose. But the marsh and jungle and other waste products are the growths of a single summer, renewed for us without cost or care every year, and are practically inexhaustible. If the proper conservation of what is yet left of our forest resources has come to be just now a matter of much public concern, is it not equally important that we should now turn to practical account these other resources which we have been despising as worse than worthless by appropriating and devoting them to this newly discovered use?

We respectfully submit for consideration by the committee the facts in this case as we know them to be, not asking for any modification of existing tariff rates affecting pulp or paper imports, but merely with a view to supplying the committee with information as to the results of this discovery, which of course the committee heretofore has not possessed, and which they are entitled to have in consideration of the subject now before them.

I take the liberty of inclosing along with this a booklet just issued (on file), which explains the matter more fully than I have been able to do as above.

Very respectfully, yours,

F. L. STEWART.

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BRIEF OF THE BATTLE ISLAND PAPER CO., FULTON, N. Y.

FULTON, N. Y., January 10, 1913.

Hon. OSCAR W. UNDERWOOD,

*Chairman Ways and Means Committee,**House of Representatives, Washington, D. C.*

DEAR SIR: It would seem that a simple statement of facts regarding the chemical-pulp industry of the United States is all that is necessary to bring to the attention of your honorable committee to retain for the industry the same milder duties that it now holds.

In looking over a brief filed with the Ways and Means Committee in 1908 I find some statistics which, as far as the total production of chemical pulp in the United States is concerned, have been very little changed; in other words, the business has not been attractive and very little capital has been invested in mills for the production of chemical pulp. There has been some development but it has been in connection with the completion of plants where the sulphite produced is used by the mills themselves in paper. In the meantime the importations of foreign pulp have enormously increased, as is shown by the following figures:

Monthly importations for 11 months ending Nov. 30, 1912.

	Chemical, unbleached.	Chemical, bleached.
	<i>Tons.</i>	<i>Tons.</i>
January to June, inclusive.....	125,474	38,522
July.....	26,176	7,149
August.....	24,233	6,546
September.....	26,946	5,741
October.....	28,132	7,123
November.....	21,986	6,381
Total.....	252,947	71,462
Revenue under Payne-Aldrich Act.....	\$948,551.25	\$357,310

Comparative table of imports chemical pulp into the United States from foreign countries.

	Unbleached, tons.				Bleached, tons.			
	1908	1909	1910	1911	1908	1909	1910	1911
Canada.....		36,567	35,903	29,372		10,272	6,376	7,609
Other countries.....	¹ 110,000	126,190	166,178	183,536	² 40,000	51,632	70,469	78,813
Total.....	110,000	162,757	202,081	212,908	40,000	61,904	76,845	86,422

¹ Figures for last half year, 59,670 tons; first half, estimated.² Figures for last half year, 18,063 tons; first half, estimated.

Total revenue under Payne-Aldrich Act:

1908.....	\$566,300.00
1909.....	919,858.75
1910.....	1,142,028.75
1911.....	1,230,515.00

It is a fact that while this enormous increase in importations is going on the domestic mills have been unable to operate their plants to their capacity. It is also true that the amount of revenue collected in the 11 months of 1912 would not have been allowed to the consumer of paper in this country if abolished by the Government. Here is an instance where the collection of duties is no imposition on the buyer of paper. There can be no doubt as to the lower cost of pro-

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duction in Norway, Sweden, Germany, and Finland, as compared with costs in this country. The constantly increasing amount of pulp being exported from these countries thoroughly demonstrates the large increasing production in those countries, and overproduction will seek the markets available.

The fact that the chemical pulp mills in the United States have made little or no profit for the several years they have been in operation and the foreigners, in spite of the duties, have increased their shipments into this country, should demonstrate their ability to compete with our manufacture. The greatest fear that the American manufacturer has to-day is the development of this class of mills in Finland, where Russian cheap labor is available and enormous tracts of virgin forest woodlands are available at a very low figure.

The impression is quite prevalent that spruce wood is necessary for the manufacture of all kinds of paper and pulp. As a matter of fact, the last available statistics of the United States Department of Census shows that in the year 1909, of the total amount of wood used in the manufactures of chemical pulp, 53 per cent was other than spruce, principally hemlock, and over 9 per cent was slab wood and other mill waste, thus demonstrating that certain waste products are absolutely utilized that would otherwise be a total waste.

Yours, respectfully,

THOMAS HUNTER,
President Battle Island Paper Co.

No. 448 S.

CUSTOMS CANADA,
Port of Montreal, December 2, 1912.

MESSRS. BATTLE ISLAND PAPER CO.,
Fulton, N. Y.

DEAR SIR: In reply to your letter of inquiry of the 29th ultimo, I beg to inform you that the duty on pulp wood imported into Canada from the United States is 25 per cent.

Yours, truly,

R. S. WHITE,
Collector of Customs.

THE AMERICAN PROTECTIVE TARIFF LEAGUE RE PAPER AND PULP INDUSTRY.

NEW YORK, *January 30, 1913.*

HON. OSCAR W. UNDERWOOD, M. C.,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

In re Canadian reciprocity.

DEAR SIR: I am instructed to hand you official copy of a resolution adopted by the American Protective Tariff League in annual meeting assembled on Thursday, January 16, 1913, and I have the honor to ask that the resolution be made a portion of the record in connection with the hearings of the Ways and Means Committee. The resolution is as follows:

"Recognizing that the general prosperity of the producing industries of the United States, including the great body of American wage earners, has been built up by a protective tariff policy, the American Protective Tariff League at its annual meeting urges the serious consideration of the President-elect, the Congress of the United States, and the different committees of Congress and the Senate, to thoroughly investigate the industrial and economic conditions of the country, so that unregulated foreign competition may not force the manufacturing establishments to curtail their production or reduce wages to compete with the lower level which prevails abroad.

We earnestly urge that the pulp and paper industry be given the same just and fair treatment that is given to other industries, in order that growth and expansion, instead of stagnation and decay, may once more become the record of a great American industry.

"Through the reciprocity act, passed at the 1911 session of Congress, providing for the free entry of paper and pulp into the United States from Canada, although the

PARAGRAPH 406—WOOD PULP.

other provisions of the act were nullified through Canada's failure to pass a reciprocal act, the American market to-day is being ruined through the enormous importation of the lower grades of paper, which, in turn, is affecting all grades of paper and pulp. The removal of this duty has already resulted in driving capital and labor out of the United States into Canada, and there is grave danger, by this favor having been granted to Canada, of involving the United States in certain diplomatic complications with other countries by reason of the 'favored-nation' clause in our treaties.

"Now, therefore, be it resolved, That the American Protective Tariff League calls upon the President, the party in power, and its representatives, the Congress, and upon all manufacturers and others who believe in the principle of fair play, if not protection, to use their efforts to secure the rescinding of section 2 of the reciprocity act, thereby rectifying the wrong that has been done to a great industry; and asks that if a general tariff revision is undertaken, the paper and pulp industry will be put upon the same basis as any other American manufacturing industry."

Respectfully submitted.

[SEAL.]

THE AMERICAN PROTECTIVE TARIFF LEAGUE.

W. F. WAKEMAN,

Treasurer and General Secretary.

STATEMENT OF THE TONAWANDA (N. Y.) BOARD & PAPER CO., BOX-BOARD MANUFACTURERS.

TONAWANDA, N. Y., *January 18, 1913.*

HON. J. S. SIMMONS,

Congressman, Washington, D. C.

DEAR SIR: We are manufacturers of all grades of combination box boards and wood-pulp board. We are within a stone's throw of the Canadian border. Before the tariff was reduced on pulp about two years ago we were in favor of same for the reason that we buy all of our pulp and do not manufacture any, and we thought that we could buy the pulp for less money and save \$1.70 that the customs charged for importation of same. We found, however, that the Canadian people instead of reducing the price of pulp they advanced same not only for the amount of the duty but more.

When we came to Tonawanda we paid \$18 per ton for pulp from the MacLaren people, of Buckingham, Quebec, and this went on year after year for four years, and we received the best pulp in the country for that price. We have been manufacturers here for 10 years. Last year the best price we could make with the MacLaren people was \$22.50, and we understand that they are now free from importation duty. We have our letters to show the prices which they made us at the above-stated time.

There has been more ground wood in the last year than ever before on account of the immense rain falls, and if anything pulp should be cheaper, but instead it is a great deal higher.

Now, we do not make print paper, and we have not been asked to write you by any combination, association, or party, but we believe that if they lower the tariff on print paper the Canadian people will reap the harvest and the American people will suffer.

Personally I can see it no other way. I was very much in favor of having the tariff lowered on wood pulp when it first came up, but I have changed my attitude since for the reason that we have not had any benefit of it, and I think that the committee should go slow in lowering the tariff not only on paper and pulp but on other commodities.

Very truly, yours,

TONAWANDA BOARD & PAPER CO.,
L. NEWMAN, *President.*

PARAGRAPH 407.

Sheathing paper and roofing felt, ten per centum ad valorem.

PARAGRAPH 408.

Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton, or other vegetable fiber, one and one-half cents per pound and fifteen per centum ad valorem.

PARAGRAPH 409—NEWS PRINT PAPER.

PARAGRAPH 409.

Printing paper (other than paper commercially known as handmade or machine handmade paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued at not above two and one-fourth cents per pound, three-sixteenths of one cent per pound; valued above two and one-fourth cents and not above two and one-half cents per pound, three-tenths of one cent per pound; valued above two and one-half cents per pound and not above four cents per pound, five-tenths of one cent per pound; valued above four cents and not above five cents per pound, eight-tenths of one cent per pound; valued above five cents per pound, fifteen per centum ad valorem: Provided, however, That if any country, dependency, province, or other subdivision of government shall forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, there shall be imposed upon printing paper when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty of one-tenth of one cent per pound when valued at three cents per pound, or less, and in addition thereto the amount of such export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp.

NEWS PRINT PAPER.

TESTIMONY OF ELON R. BROWN.

The witness was duly sworn by the chairman.

Mr. BROWN. Mr. Chairman and gentlemen of the committee, I appear for the news print mills of the United States.

The history of the industry of paper you were recently informed about by other speakers.

I would like to call your attention to the fact that there is invested in the news print mills \$100,000,000, and that their present rate of production in this country is 1,384,000 tons, and the value of their product \$60,000,000 a year. Their annual production is about six-tenths of the amount in the investment.

I noticed that one member of the committee inquired if the capital invested did not include their woodlands. Of course in examining the capitalization of the companies that would undoubtedly be true; but taking the figures of the census, the census is not of the woodlands, but of the plants as reported in the census. The prices of this news print paper in 1880 was \$169 per ton, in 1890, \$68 a ton, in 1900, \$44.64 a ton; and it has remained, generally speaking, at that figure to this day. There have been some variations, of course, rising above that figure and falling below that figure; but the statistics show, as the committee can readily ascertain, that the average price has been about \$44 a ton during that entire period.

New York led all other States in this industry in the last three censuses, and she has now practically one-third of the news print industry of the United States. She has a very large percentage, something like 21 per cent, of the entire paper industry of the United States, and nearly 33½ per cent of the industry in news print paper. In 1899 New York produced 374,808 tons, valued at nearly \$15,000,000.

PARAGRAPH 409—NEWS PRINT PAPER.

There are 30 separate establishments in the State, 5 of which are owned by the International Paper Co.

The question has come up as to efficiency, and it has been suggested that the maintenance of the price at \$44 a ton since 1900 indicates a lack of efficiency, or else a combination on the part of paper companies for keeping up the price. And I will indicate to you very briefly now, and more fully upon my brief, a perfect answer to that. The relative hours of wages have been reduced in the paper trade since 1900, by 16 per cent—that is, between 1900 and 1907, 16 per cent, and considerably lower since that date, the statistics not being available since 1907; while the same statistics from the census show that the increase in wages during that period have been 50 per cent; and the wages have increased since 1907 at least 15 per cent more.

The International Paper Co., the statistics of which are readily obtainable, averaged 15 cents an hour in 1900, and 26 cents an hour in 1912, or 73 per cent increase. The hourly wage in the woolen mills in Northern United States, as shown by the Tariff Board report, is 15 cents; in weaving cotton, 18 cents; and in eastern paper mills, 25 cents.

This increase in wages between 1900 and 1909, amounting to 50 per cent, indicated in and of itself alone, figuring upon the production, an increase of 7 per cent in the cost of production, so that 7 per cent must be credited to the efficiency of the mills in producing paper at the same price as in 1900.

In addition to the cost of raw material, it appears from the Forest Products of the United States issued by the Census Bureau, that there were 921,882 cords consumed in New York in 1909. This pulp wood increased from \$4.95 in 1900 to \$8.62 in 1909—an increase, which it is computed upon a basis of the wood used in 1909 in New York alone, amounted to nearly \$3,400,000, or 8½ per cent more, showing there an increase in wages and in material of at least 15 per cent in the production of paper, although the price has remained stationary. These are very conservative figures and are not exaggerated. Domestic spruce in 1900 cost \$4.82, and imported spruce in 1909 cost \$11.34. Not only is this true, but in the absence of statistics I thought it incumbent upon myself to show some basis upon which it could be ascertained what was being made in the paper trade, as it is now being managed.

I come from the county of Jefferson, N. Y., one of the centers for producing news print. There are eight or nine mills there, two of which are owned by the International Paper Co. I find that the International Paper Co. has paid per ton, upon this production, in the way of dividends for the last 10 years, \$2.13 a ton.

Now, when you remember that the annual production of the news print mills is only 60 per cent of the value of the mills, as recorded in that census, you get an adequate idea of the return upon the capital invested; \$2.13 would be only about 5 per cent upon \$44, and \$44 is only 60 per cent of the cost of the investment to produce that \$44.

Mr. HARRISON. Is that the Black River region?

Mr. BROWN. The Black River region, yes. There are two mills of the International Paper Co. there. I have collated the statistics showing the amount of dividends paid per ton produced and sold of

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paper from all of the mills, either located in Jefferson County or having their general offices in the county. I find of the Remington-Martin Mill, not located in the county of Jefferson, but having its general offices there, and built and financed in that county, that in the last 11 years they have paid an average of \$1.39 a ton in dividends upon the tons of paper produced and sold; and I find in the West End Paper Co. that it has paid dividends of 94 cents per ton. The other figures I will supply in my brief.

But what I want to call your attention to briefly about this is the fact that since 1902 or 1903 they have been paying dividends per tons produced of \$3.22, \$3.15, \$3.10, \$2.96, \$2.88, \$2.13, \$0.99, \$1.08, \$0.95, \$0.92, or an average dividend per ton of \$2.13, and that every one of them has been cut in two or divided in three in the last 10 years in the amount that it has paid per ton, and there are three of these mills that have never paid a dividend during the entire time. I would have been very glad to have collated the statistics for the entire State of New York, but you will understand that in the brief time I was given that that was not practicable; but I was in a position to get these statistics and get them accurately, and I thought they would throw some light, in the minds of the committee, upon the state of the enterprise.

Now, this increased cost of materials and this increased cost of wages, coupled with the increased cost of construction and replacement, which has been at least 25 per cent greater in the last year than it was 10 years ago, which applies to at least one-half of the investment, shows that there has been an actual and literal increase in the cost of production of making a ton of paper of at least 15 per cent in that time.

Mr. HULL. How does that decline of price correspond with the decline of price in other competitive countries?

Mr. BROWN. Well, the decline in other countries? You mean the price? I can not give you, for instance, the statistics for Germany, Norway, and Sweden; they are not available. I know something about them in Canada, and I will speak about that in a moment. I did not take upon myself to inquire particularly as to those statistics of the European countries, although I would be glad to furnish them to the committee if they would like it.

Now, this shows that the mills have been efficient, so that in 10 years they have not raised the price, although the increased cost of production was from \$6 to \$9 per ton—one of the most creditable showings in manufacture that this country can produce.

The Canadian industry, which is the industry to which your attention should be particularly attracted at this time, has a very interesting history. In 1881 there was invested in Canada \$2,500,000; in 1906, \$23,000,000. The best obtainable information as to the growth of news print manufacturing business in Canada is that in 1910 they produced 128,000 tons; in 1911, 151,000 tons; in 1912, 201,000 tons; and in 1913 they will have an output of 400,000 tons, which shows an increase of more than 200 per cent—practically all since the passage of the reciprocity act. Now, the statistics are not available from the Canadian census down to so late a time. All of these developments in Canada have been made within a very short time; but all their

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most reliable newspapers and financial reviews give them. For instance, the Toronto Globe of January 2, 1913, says:

The remarkable feature of this development has been the number and capacity of the new mills devoted to news print, these mills representing the last word in mill designing, in capacity of paper machines, and in rapidity of production,

which will increase their production 1,200 tons a day. There is a producing capacity in the mills in the United States of 5,000 tons a day. So from this you will get some idea of the relation of the Canadian development to this date.

The American Newspaper Publishers' Association, which was represented on this hearing to-day by Mr. Norris, last May published an authoritative account from that association, showing that there were news print mills in Canada which would add to their production 1,000 tons a day, and they give the dates upon which those mills will enter into manufacture.

Now, the importations from Canada are as follows: 1909, 22,728; 1910, 54,154; 1911, 54,484; 1912, 74,000 tons. But this does not indicate all that is going on. If you take the monthly report for 1912, the first 11 months of which are given, you will see that it starts out there with an importation of 9,000,000 pounds in January, and goes on increasing until there is an importation in November of nearly 22,000,000 pounds a month, indicating that the importation this coming year will be 150,000 tons.

Now, I am not here for the purpose of urging this committee to take a protectionist view of this enterprise; but we are here to suggest to the committee that the duty of \$3.75 a ton on news print paper, mainly paper costing not more than 2½ cents a pound—if that paper does not exceed this sum, although the schedules read 2½ cents—should remain at \$3.75 a ton; as a matter of revenue tariff 8 per cent ad valorem certainly is very low tariff.

I have heard it suggested in a conversation here to-day that our paper mills have been coddled. Now it is a fact that there is not a paper producing concern in the world that has as low a duty on the importation into its own country for paper as the United States has. Canada has 15 per cent. We only have 8 per cent. Germany, Norway, and Sweden are clamoring for an interpretation of the reciprocity law which will enable them to export to this country their paper, indicating, what you must realize, of course, is the fact, that they have certain advantages over us in the matter of labor, and perhaps in some instances also, in Norway and Sweden, in cost of raw materials.

Mr. HARRISON. If you will allow me to interrupt you, Mr. Brown—

Mr. BROWN. Certainly.

Mr. HARRISON. We were informed to-day that that case had been decided in favor of the Government.

Mr. BROWN. Well, I did not say that it had not; but I did not say that it had. I was not informed in relation to it. I do not know that it is finally settled what will be done with it. I think it in—I understood from the gentleman who spoke here that he thought there was a preliminary decision, and that a rehearing would be had. I do not think the matter is finally disposed of by the courts; and I did not speak of that for that reason. I spoke of it

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as indicating what is likely to happen if this small revenue tariff was removed—that all of the great paper-producing nations of the earth—so that if this small margin of 8 per cent were removed they would have an advantage in our market which they do not now enjoy and which they deem desirable to their producers of paper.

The CHAIRMAN. Mr. Brown, the time is up; but you represent a very important industry—

Mr. BROWN. I represent all of the news print mills in this country.

The CHAIRMAN. If you represent them all, it is a very vital proposition and we will let you proceed a little further.

Mr. BROWN. I will be as brief as I can. Finally, not only is it true that this \$3.75 duty has not checked the importations from Canada, which have continued, those not made from free wood; but it is the fact that the differential of one-tenth of 1 cent imposed upon the importations of Canada, because Canada is discriminating against us in pulp wood, has been paid, so that Canada has been paying upon such wood as she has been paying upon at all \$5.75 a ton, indicating that they are in a position to pay \$3.75 without any embarrassment.

Section 2 of the Canadian reciprocity act should be repealed. In the first place it has been repudiated by Canada, having been made as a tender or reciprocal exchange in trade. Its refusal by Canada ends its usefulness and propriety. I am not going to speak upon it in any protective sense whatever. I am going to speak upon it from the point of view that that act is worse for the paper manufacturers whom I represent, worse for the country generally, and worse for the consumers of paper as well. This act was repudiated by Canada in the first place, and it was a tender of reciprocal exchange in trade, and the action which was expected upon their part they have curtly refused to take.

As interpreted by the Government at Washington it is destructive and oppressive to the industry of the United States. The Treasury Department upon the day that bill was signed issued a circular permitting the importation into the United States of paper made from free wood in Canada, and acting immediately upon that, before any action was taken upon the reciprocity bill by Canada, they commenced to import paper into this country. It was an interpretation which I do not think was justified by the act itself, but we must accept the act as interpreted by the Government.

Now, the only requirement for the admission of paper free from Canada is the signing of a certificate by the Canadian shipper in the following form:

We certify that all of the within-mentioned wood pulp was manufactured from wood cut from the Province of Quebec—per cent from private lands not subject to Government license. Our books are at all times open to the inspection of American consul and United States Treasury agents.

So that if a man makes out a verified statement of that kind, stating that 90 per cent of the invoice was made from free wood, he is only taxed on 10 per cent of his invoice—a mixing up of things which is an invitation to fraud and wholly farcical as a restraint.

The CHAIRMAN. That is a matter of Treasury regulation.

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Mr. BROWN. That is true; but I spoke of it as an administrative feature, and your committee has called for our views in relation to administrative features.

Now, the interpretation of the act by the Canadian Government and Provinces, which our Government has thus far sustained, is even more destructive of the industry in the United States.

For instance, you take British Columbia. British Columbia put an export duty upon wood from the Crown lands and then issued a special order excepting from that the particular lands from which the Powell River Paper Co. was taking its wood, but only from the limited lands. The Province of Quebec has done that in relation to four of her greatest companies. So that, instead of its resulting, as it was intended to result, in there being wood which was available to us by way of export from Canada, which we could purchase over there, it has had the effect of their cutting us out from all of the wood, except the particular wood which is only available for the particular use of the particular mill to which the right is given; and if you desire information upon that, you may refer to the Berlin Paper Mills, where you will find that they have admitted owning some land in Canada in order to get it relieved from this embargo, but unsuccessfully.

Mr. KITCHIN. How much does this Canadian pulp wood cost?

Mr. BROWN. I did not understand the question.

Mr. KITCHIN. How much does the Canadian pulp wood cost?

Mr. BROWN. How much? Oh, \$11 or \$12 a cord.

Mr. KITCHIN. I mean for the American mills.

Mr. BROWN. \$12 a cord, I mean.

Mr. KITCHIN. Do you mean that the American mills import it at that price?

Mr. BROWN. Well, it costs our mills at least \$12 a cord.

Mr. KITCHIN. Do you mean that they import from Canada wood that costs them \$12 a cord?

Mr. BROWN. Certainly.

Mr. KITCHIN. No; it does not cost them that.

Mr. BROWN. I know of mills that pay \$16 a cord for wood in Jefferson County, N. Y.

Mr. KITCHIN. How many cords of wood were imported last year from Canada?

Mr. BROWN. I have not the figure for last year. It is about 925,000, there having been 921,000 in 1909.

Mr. KITCHIN. And it did not average over \$6.50 a cord, did it?

Mr. BROWN. I have the figures here; would you like me to give the precise figures?

Mr. KITCHIN. No; I have them here.

Mr. BROWN. Then it is not necessary for me to give them, as they come from the same source.

Mr. KITCHIN. There is given here an average cost of \$6.49, import value, and you said that the wood cost \$12 a cord.

Mr. BROWN. I have the precise figures here for each year. In 1909 the average cost of all woods used for pulp in the United States was \$8.62 a cord.

Mr. KITCHIN. That is delivered at the mill.

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Mr. BROWN. Well, I have doubted that, because I know that they actually paid so much more; but I do not think it is explained in the census report whether it was delivered in the mill or not.

Mr. KITCHIN. I have understood it was. Well, according to the Tariff Board report and the Mann report, some of the mills far distant from the wood paid as high as \$12 delivered at the mill.

Mr. BROWN. You do not understand me. I have known of mills in Jefferson County, N. Y., for the last three years on a number of occasions paying as high as \$16 a cord for pulp wood delivered at the mill; and I will furnish you with the names and amounts.

Mr. KITCHIN. Now, the pulp wood from Canada delivered at the mill averaged \$6.49 a cord (import cost) plus the freight.

Mr. BROWN. No; I think you are wrong. I have the figures——

Mr. KITCHIN (interposing). No; those are the statistics here. Now, to what point was most of this wood shipped in America?

Mr. BROWN. Well, the Black River wood comes from the Province of Quebec.

Mr. KITCHIN. Well, where are the pulp mills?

Mr. BROWN. What do you say?

Mr. KITCHIN. Where are the pulp mills?

Mr. BROWN. In the United States?

Mr. KITCHIN. Yes; to which these woods went?

Mr. BROWN. In Maine, New Hampshire, and New York, largely.

Mr. KITCHIN. How much is the freight rate per cord, say to the New York mills?

Mr. HASTINGS. I think if you will pardon me, the Senator is not familiar with the situation. The Government reports the price of the pulp at the point of shipment in Canada, and it has failed to report the freight from that point to the mill.

Mr. BROWN. How much is the freight?

Mr. HASTINGS. \$4 a cord.

Mr. KITCHIN. \$4 a cord to where?

Mr. BROWN. To my town.

Mr. KITCHIN. To your town?

Mr. BROWN. Yes, sir.

Mr. KITCHIN. Did you ever buy any of this wood from Canada?

Mr. BROWN. No, sir.

Mr. KITCHIN. Can you get the American wood cheaper than you can the Canadian wood under free trade?

Mr. BROWN. Well, I have known American wood to be sold at \$16 a cord at the mills; and I will furnish you with the prices and dates.

Mr. KITCHIN. Well, if the American wood will cost you \$16, and you can get the Canadian wood for \$6.49, plus \$4 for freight, why do you not buy the Canadian wood?

Mr. BROWN. Well, because there is some difference in woods. There is the same difference in spruce that there is in hats. You can buy a hat for 75 cents; but to get a Dunlap hat will cost you \$4 or \$5.

Mr. KITCHIN. Well, this wood that is produced in America is about as good as they have over there, is it?

Mr. BROWN. Well, some of it is very good, and some of it is very ordinary.

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Mr. KITCHIN. Well, the reason that you pay \$16 for the American wood instead of buying the Canadian wood at \$10.49 is because the American wood is better, or yields better, is it not?

Mr. BROWN. Well, I did not say—

Mr. KITCHIN. Well, I am asking you.

Mr. BROWN. And I am answering, if you will permit me. I said that I have known of a number of instances, which I will furnish to the committee in my brief, of prime spruce that had sold at the mills in my county, Jefferson County, delivered at the mill, for \$16 a cord; and it made no difference whether it was cut on New York lands or on Canadian lands; it happened to be that I knew that they had sold American wood at that price.

Mr. KITCHIN. What does your wood at your mill cost you—say last year, the average price delivered at your mill?

Mr. BROWN. I have no mill.

Mr. KITCHIN. Well, the mills in your town.

Mr. BROWN. Well, I have not made up those statistics. Do you want them?

Mr. KITCHIN. I thought perhaps you knew.

Mr. BROWN. I will put them in the brief which I have asked leave to file.

Mr. KITCHIN. You said that you are not the owner of any mill?

Mr. BROWN. No.

Mr. KITCHIN. And you have no stock in any mills?

Mr. BROWN. No.

Mr. KITCHIN. And no interest in any mill?

Mr. BROWN. Well, I have been counsel for four or five mills in Jefferson County for 30 years.

Mr. KITCHIN. Then perhaps you can explain this: Why is it that we can export, as we did last year, over \$3,000,000 worth of print paper, and import less than \$2,500,000?

Mr. BROWN. You mean news print?

Mr. KITCHIN. News print; yes.

Mr. BROWN. Well, the United States has had a considerable export trade—not overwhelming, but moderate; a little to South America; some to England; and for instance, you take Wisconsin. When they do not have mills in Winnipeg, and require paper—and paper is a very bulky article—it would be quite natural for Wisconsin and Minnesota to furnish paper if Manitoba was without mills. And so we have been shipping to Australia, where they have no mills.

Mr. KITCHIN. Canada also ships to Australia and the United Kingdom, doesn't she?

Mr. BROWN. What?

Mr. KITCHIN. Canada ships to the United Kingdom?

Mr. BROWN. Oh, yes.

Mr. KITCHIN. And the United States ships to the United Kingdom?

Mr. BROWN. Yes; in a vanishing way, as I will show you.

Mr. KITCHIN. No; our exports increased over \$500,000 last year. Now, then, what I would like to know is, why is it that our mills here can compete with Canadian mills in Australia, in England, and elsewhere and are unable to compete with Canada here in our own country?

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Mr. BROWN. Well, I said it was in a vanishing way, and I will take the figures on the shipments to England. They are rapidly vanishing. We are losing that in our shipments of news print paper. I have heard what Mr. Norris said here, and I have not had an opportunity to verify it; but I am far from accepting his statistics. I make the statement, without any fear of contradiction, that the export trade in news print paper from the United States is vanishing; and I will give you the statistics in my brief to show it.

Mr. KITCHIN. Well, in 1910, according to the Government statistics, we exported \$2,276,000, in round numbers, and in 1912, \$3,750,000, in round numbers, an increase in two years of \$1,000,000, or as much as 33½ per cent.

Mr. BROWN. That is 2 or 3 per cent of our entire production.

Mr. KITCHIN. Well, would not that indicate to your mind that we can compete with Canada?

Mr. BROWN. No.

Mr. KITCHIN. Because it is a great deal more than Canada exports to us?

Mr. BROWN. No.

Mr. KITCHIN. The Canadian importations to us form a very small percentage of our total production?

Mr. BROWN. Well, as I showed you, the Canadian importations are increasing very rapidly. They were 74,000 tons in 1912, and they increased each month during that year, so that there is a prospect of the importations being 150,000 tons by next year.

Mr. KITCHIN. Still we are increasing our exports, are we not?

Mr. BROWN. Well, I am here to argue for a tariff for revenue; and if they are going to come in—as they are going to come in—it seems to me that 8 per cent is about as low as we ought to get.

Mr. HARRISON. Senator, may I interrupt you? It seems to me, after having visited your county, that the disadvantage under which your mills labor is that you have stripped off all the wood there; and they have got to pay very high freight rates to get the wood there.

Mr. BROWN. Jefferson County is one of the finest agricultural counties in the United States. There has not been any pulp wood cut at any time in Jefferson County. That is one of the best locations in the United States for paper manufacturers. We have fine natural water power, which has been acquired at a low price. They are accessible to the Adirondacks, and they are very near the Canadian line; and they get their shipments by boat up the St. Lawrence River and by the lake, landing at a place only 20 or 25 miles away; and they are among the best situated mills in the United States.

Mr. HARRISON. But you have to transship from the lake 20 or 25 miles to the mill?

Mr. BROWN. Some of them do; those that are not immediately on the lake.

Mr. HARRISON. The Black River Canal has been choked up 15 or 20 years, has it not?

Mr. BROWN. Oh, we floated down the Black River, and the other rivers which met the Black River. That is where our wood has come from; and the Black River permeates the Adirondacks.

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Mr. HARRISON. I do not ask these questions in any unfriendly spirit; but the question has been asked why the mills of your county have to pay such high prices for their wood; they have to come from a long distance.

Mr. BROWN. They do not pay higher than any other eastern mills. You will notice that these statistics were for the United States and for all kinds of wood. They took in slab wood, and all the cheaper woods throughout the United States.

Mr. HARRISON. Yes; but for your mills, they pay \$16 per cord, and the customhouse figures show that the average price in the United States was \$6.49; so that it seems to me that your mill is at a disadvantage.

Mr. BROWN. You misunderstood me. I did not say our mills are regularly paying \$16 a cord. I said I have known of a number of purchases being made at a price as high as that. I do not say that by any means; I do not claim they generally pay \$16. I should think the average price was nearer \$12 or \$13 per cord.

The CHAIRMAN. Senator, I do not like to interrupt you; but your time is up, and we have already let you run for half an hour.

Mr. HASTINGS. Pardon me. We had two other gentlemen, who have kindly offered to let Mr. Brown have their time, Mr. White and Mr. Stuart. So their time can be canceled.

The CHAIRMAN. Mr. White and Mr. Stuart? Mr. Stuart is already canceled here.

Mr. HASTINGS. He says he has filed a brief, but has not canceled his time.

Mr. BROWN. I did not want to crowd the committee; but I have some matters here I would like to communicate to them.

The CHAIRMAN. The committee would be very glad to hear you fully, because this is a very important matter, and we are very anxious to hear it. But there are a number of gentlemen here, and we must close this schedule to-night.

But Mr. White has surrendered his time to you, and we will allow you to proceed for ten minutes.

Mr. BROWN. Now, by the combined misinterpretations of the reciprocity act at Ottawa and Washington, the act has operated to open American markets to news print paper made in Canada at a less cost than in this country, while excluding from the Canadian market higher grades made in the United States at less cost than they can now be made in Canada; and I have cited in my brief the statement to that effect made by Mr. Fielding, the Canadian minister at the time the reciprocity act was under consideration. There is no doubt about it. The provisions of section 2 of the reciprocity act permitting the importation into the United States of Canadian paper when manufactured from free wood has raised the price of freehold wood in Canada.

Before the passage of that act, our buyers in the United States had an easy time of it buying their wood in Canada, because most of the Canadian mills had access to Crown lands and could get that wood, and the freehold-land wood was being sold to us; but since that act came into effect, they have had to struggle for it, with the result that the price went up and kept us from getting as good a price, and

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certainly kept us from getting part of the wood we would otherwise have obtained. By adding Canadian export manufacturers to the prospective buyers of such wood, it drives American mills to purchasing more American wood.

This is the direct opposite of what was intended, and leads to the more rapid consumption of our own forests. By permitting free importation into the United States of news print paper, in which Canada enjoys an advantage over us, a great impetus has been given to the construction of mills in that country, as I have shown you; and it has depressed the trade in our country—with the result, as I have shown you, of diminishing dividends in every one of the mills to which you can refer producing news print paper, dividing them by 2 and by 3.

For the last six months of 1910—the statistics of news print exportations have been kept only since July, 1910, since which time the export trade to England has been: For last 6 months of 1910, 9,400 tons; for the 12 months of 1911, 8,100 tons; for the first 9 months of 1912, 2,900 tons.

Now, by building up this Canadian industry, giving it the tremendous impetus which has been given to it—and I will append to my brief clippings from the Canadian papers showing that by the enactment of the reciprocity act an impetus has been given to that trade which has led the Canadians to believe that they command that trade all over the world—you have led to such a tremendous production there that they are crowding all the markets of the world more than ever before and, naturally, cutting out our export trade.

Besides that, the Canadian railroads have filed, for the purpose of aiding generally the Canadian mills, schedules with their railway commission raising the rates on pulp wood to be transported to the United States. We have protested against it, and have had such of our friends as we could to protest against it in Canada; and the matter is held up until February 1 next, without, however, any expectation of relief on our part.

Now, the differential in the Payne tariff of one-tenth of 1 per cent per pound additional on Canadian paper in case of any charge, license fee, or prohibition from Canada or Canadian Provinces, on the exportation of pulp wood and the condition of like import in section 2 of the reciprocity act, was a wholesome act. Such a discrimination in trade would justify retaliatory measures by the United States to compel its removal. Our own statutes, like the maximum and minimum tariff rates and the treaties containing the "most-favored-nation" clause, are designed to prevent discriminations, like many other provisions that you are familiar with.

So long as Canada has wood to sell she should not be permitted to refuse her citizens the privilege of selling it, or put an export duty upon it, for the purpose of keeping it away from our citizens, so that the market here should be open to her manufacturers of paper using such wood at home. No nation has ever tolerated such a discrimination.

It does not follow, because Canada contains great natural advantages at the present time in the manufacture of paper that we ought to abandon the manufacture of paper.

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Talk about efficiency: Here is a great trade that in these few years has gone up to \$400,000,000—doubled within 10 years. It is worth the fostering care of Government. It ought to be looked to carefully.

I was looking at the statistics—and I found that they are very interesting statistics, gentlemen. I found that the exports of manufactures for 1910 were \$1,100,000,000. I found that the manufacturers' materials brought into this country from foreign countries for that period for the purpose of enabling our manufacturers to go on were \$900,000,000. Simply because we have to get wood from Canada is no reason why we should give up this great industry.

Now, a great deal is said about the advantage of Canada in cheaper pulp wood; and a great deal is said upon the theory that we have no pulp wood in this country. That is absurd. The reason that Canada enjoys the advantage over us is because of her vast and unusable forest wastes, for which she has no market. One of their trade journals published an account at the end of the year putting it at 2,200,000,000 cords, an amount which at the present rate of consumption would supply the United States and Canadian mills for a thousand years.

If we could supply our mills—we have no difficulty about that—for instance, we have got 50,000,000 acres with an average of 5 cords to the acre in Maine, with a growth of 2 per cent a year; that would be 1,000,000 cords a year. But that 50,000,000 acres—no, I have got it too much; it is 10,000,000 acres and 50,000,000 cords—in Maine is worth more to-day in the market than 500,000,000 cords in the forests of Canada. Why? Because it is available and convenient for use, convenient to the mills and to the market. We have got the means of transportation. It would sell for more in the market to-day than 10 times the same amount standing in the forests of Canada. They are unusable forest wastes for a very long period of time—for generations. And as a consequence of course they are valued at a smaller sum.

Now, we ask, in relation to this matter, that the tariff be treated—if it is a revenue tariff, if it is upon that basis, 8 per cent—that it be treated as a revenue tariff, that you maintain that principle; that you do not make an exception in this case for the purpose of legislating in favor of one particular class of consumers, namely, the newspaper publishers of the United States.

The CHAIRMAN. Mr. Brown, if you will allow me to interrupt you, the committee does not regard a rate as fixing the basis of a revenue tariff. Sometimes the commodity that is coming in here under a 70 per cent tariff is more competitive and more at a revenue rate than a commodity that has a 5 per cent tax on it, because the 5 per cent tax on some commodities can be prohibitive.

Mr. BROWN. Yes, sir.

The CHAIRMAN. And the committee must look to the percentages of imports, as well as rates. An 8 per cent rate does not always mean necessarily a revenue rate.

Mr. BROWN. Very well, take the Tariff Board's statistics upon it. They show that it costs \$5.35 more on an average to manufacture a ton of paper in the United States than in Canada. This rate is

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\$3.75; and as long as they discriminate against us—and they have discriminated against us—they ought to be absolutely prohibited from shipping their paper into the United States. They ought not to be permitted to follow that policy.

Now, there are articles in the Government press of Canada saying that they are going to arrange it so as to hold every single cord of pulp wood, have it made up in the mills of Canada, and that this Congress is going to put news print paper upon the free list, and that they are going to command the markets of the United States.

If you go to the banks of my county, you will find that they are loaded to the water's edge with paper from the paper companies, all that they can carry, and have been for the last five years. They have all that they can carry. And the Government of the United States ought not to permit this discrimination against them; and I am willing to put it on the competitive basis. The importations show that they can stand well \$3.75, and if they try to discriminate unfairly against American buyers, then there ought to be a duty of \$10 or \$12 a ton. They ought not to be allowed to sell a single ton of paper in the United States until those discriminations are removed. When the Congress of the United States passed a law of that kind, it would not be 30 days before such discrimination would be removed by Canada. Why? Because they have made this large investment with a view to supplying our market, and no other market in the world; and if they can not get into this market unless they abandon this unjust and unfair policy, they will immediately abandon it.

The reciprocity act should be repealed, and, of course, nothing need be said about the administrative workings. I understand the rule of the committee, and the very important and lengthy duties they have to perform.

I thank you very much, indeed, for being so patient with me.

Mr. Brown later filed the following brief with the committee:

BRIEF OF ELON R. BROWN, OF WATERTOWN, N. Y.

MEMORANDUM FOR THE PAPER MILLS IN THE UNITED STATES HAVING AN INVESTMENT OF \$100,000,000 AND PRODUCING NEWS PRINT PAPER USED IN ORDINARY NEWSPAPER PUBLICATIONS.

The Payne tariff act imposes a duty upon the importation of such paper from foreign countries as follows:

"Printing paper * * * unsized, sized and glued, suitable for printing of books and newspapers, but not especially provided for, valued at not above $2\frac{1}{2}$ cents a pound, $\frac{1}{16}$ cent per pound equals \$3.75 per ton. *Provided, however,* That if any country, dependency, province, or other subdivision of government shall forbid, or restrict in any way the exportation of (whether by law, order, regulation, contractual relation or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, there shall be imposed upon printing paper when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty of one-tenth of 1 cent per pound, when valued at 3 cents per pound or less, and in addition thereto the amount of such export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon printed paper, wood pulp, or wood for use in the manufacture of the wood pulp.

The importation of news print paper from Canada is governed by section 2 of the Canadian reciprocity act:

"SEC. 2. Pulp of wood mechanically ground; pulp of wood, chemical, bleached, or unbleached; news print paper, and other paper and paper board, manufactured from

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mechanical wood pulp or from chemical wood pulp, or of which such pulp is the component material of chief value, colored in pulp, or not colored, and valued at not more than 4 cents per pound, not including printed or decorated wall paper, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board or wood pulp, or the wood pulp used in the manufacture of such paper or board."

BRIEF HISTORY OF THE INDUSTRY.

The following figures showing the development of the manufacture of paper and wood pulp combined (no separate statement of "news print" being obtainable for the entire period), is taken from volume 9, Twelfth Census, page 1015:

	1850	1860	1870	1880	1890	1900	1909
Number of establishments.....	443	555	677	742	649	763	777
Capital.....	\$7,260,864	\$14,052,683	\$34,556,014	\$48,139,652	\$89,829,548	\$167,557,713	\$409,348,505
Wage earners, average number.....	6,785	10,911	18,021	25,631	31,050	49,646	75,978
Total wages.....	\$1,497,792	\$2,767,212	\$7,208,691	\$8,970,133	\$13,204,829	\$20,746,426	\$40,804,502
Value of products.....	\$10,187,177	\$21,216,802	\$48,849,285	\$57,366,860	\$78,937,184	\$127,326,162	\$267,656,964

While the statistics for news print mills are not separately stated in the census, the producing capacity of the news print mills was compiled by the Tariff Board (see p. 21, Doc. 31, 62d Cong., 1st sess.), showing that the "news print paper producing capacity of the United States under ordinary conditions exceeds one and one-third million tons per annum." There are 52 establishments producing such paper representing an investment of \$100,000,000 actually producing a product worth approximately \$60,000,000 annually.

The tonnage and value of products of the news print mills as taken from the records of the American Paper and Pulp Association, are as follows:

Year.	Tons.	Value of product.
1880.....	77,750	\$13,000,000
1890.....	196,052	13,106,934
1900.....	568,291	20,091,874
1905.....	912,822	35,906,160
1909.....	1,200,000	50,000,000
1910.....	1,278,535	56,000,000
1911.....	1,384,551	60,000,000

The average price of news print taken from the same source was in 1880, \$169 per ton; in 1890, \$68 per ton; in 1900, \$43.64 per ton; in 1907 and 1908, \$44.41 per ton; in 1910, \$45 per ton; at present, \$44 per ton.

The present producing capacity of all of the news print mills in the United States is 5,000 tons a day of 24 hours.

NEW YORK LEADS IN THE INDUSTRY.

The bulletin on "Manufactures in New York," of the Thirteenth Census, says:

"Paper and wood pulp: Mills which manufacture paper exclusively, pulp exclusively, or both paper and pulp, are included in this classification. The mills engaged in the production of paper largely predominated in New York in 1909. In 1849 there were 106 establishments reported for the State, which employed an average of 1,267 wage earners, and manufactured products valued at \$1,638,579. The growth of the industry since that time has been rapid, but during the decade 1899-1909 it was particularly noteworthy, the value of products increasing from \$26,716,000 in 1899 to \$48,860,000 in 1909, a gain of \$22,144,000, or 82.9 per cent. Although the actual gain in this respect for the 10 years was about equally divided between the two five-year periods, the percentage of increase from 1904 to 1909 (29.4) was considerably

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less than that from 1899 to 1904 (41.3). New York led all other States in this industry at the last three censuses, the value of the output for the State forming 18.3 per cent of the total for the United States in 1909, 20 per cent in 1904, and 21 per cent in 1899."

New York's lead in the paper industry in general by no means indicates its supremacy in the news print industry.

As shown by the advance sheets of the Thirteenth Census, New York in 1909 produced 374,808 tons, valued at \$14,662,245, out of a total production of 1,175,554 tons, valued at \$46,355,560, or nearly one-third of the total production of the United States. There are 30 separate establishments in the State, 5 of which are owned by the International Paper Co.

POINT LL. While the price of news print paper has remained substantially the same since 1900, there has been a rapid improvement in economy and efficiency in the production and a constantly decreasing profit, due to sharp competition and increased cost of production. The cost has been kept up by an increase in the wages of employees, shorter hours, increase in the cost of raw material, and construction.

WAGES HIGH AND HOURS SHORT.

The following table has been rearranged from the bulletin of the Bureau of Labor of July, 1908, for the entire paper industry, including news print:

Principal occupations in pulp and news print mills.	Relative hours per week reduced.			Relative wages per hour increased.		
	From 1897	1906	To 1907	From 1897	1906	To 1907
Wood preparers.....	100.2	95.0	88.0	98.8	138.1	165.9
Pulp grinders.....	100.0	92.2	72.8	101.1	121.8	150.8
Wood cookers.....	101.8	84.7	78.6	96.2	145.4	170.7
Fress tenders.....	100.0	99.6	89.8	101.6	132.3	153.6
Beaters.....	100.6	88.3	79.0	100.4	127.2	144.1
Back tenders.....	100.8	91.8	81.3	101.8	125.7	155.9
Machine tenders.....	100.8	86.3	77.8	99.5	123.7	145.8
Finishers.....	99.6	98.5	95.3	97.3	106.0	114.8
Laborers.....	101.5	95.3	94.5	99.9	122.2	125.2
Arithmetical averages.....	100.6	92.4	84.1	99.6	126.9	147.4

¹ The average hours and wages in each occupation from 1890 to 1899 is the basis for comparison, and is called 100.

Separate statistics for the "news print" industry would, if obtainable, show a greater reduction in hours and increase in wages, owing to the fact that the eight-hour system was first adopted by the "news print" mills (1906-7).

From the census bulletin on "relative hours per week and relative wages per hour in the principal manufacturing and mechanical industries, 1900 to 1907," it appears that the hours were shortened only 10 per cent as compared with 16.5 per cent in the paper industry, and the wages increased only 22.6 per cent as compared with 47.8 per cent in the paper industry. Since that date, and largely within the past year, wages in the paper industry have been increased at least 15 per cent more. The average wages paid per hour to all employees of the International Paper Co. increased from 15 to 26 cents per hour from 1900 to 1912, or 73 per cent.

From the report of the Tariff Board, pages 91 to 101, it appears that the wages actually paid in 1910 were in the different employments as follows: For wood piling, from 19 to 32 cents per hour; in wood handling, from 19 to 28 cents per hour; in the wood room, from 19 to 35 cents; grinders, from 19 to 28 cents per hour; in the wood room, from 19 to 35 cents; grinders, from 19 to 33 cents per hour; in the acid plant, from 19 to 28 cents per hour; in the digesters, from 22 to 34 cents per hour; on the heaters, from 27 to 33 cents per hour; on the paper machines, from 24 to 50 cents per hour, and corresponding wages in all other branches of employment. These figures have been generally increased since the year 1910, and show the high wages in this industry.

The hourly wage in the woolen mills in northern United States was found by the Tariff Board to be 15 cents; in spinning and weaving cotton, 18 cents; in eastern paper mills, 25 cents.

COST OF RAW MATERIAL AND CONSTRUCTION.

To illustrate the effect upon the cost of production due to increase of wages between 1900 and 1909 in the paper industry: According to the census the total value of paper

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products in New York State was less than \$40,000,000 in 1909 and the total wages paid was \$6,744,000. With an increase in wages of 25 per cent between 1900 and 1909 the manufacturers paid \$1,349,800 more for wages in 1909 than they would have paid for the same production in 1900, an amount approximating $3\frac{1}{2}$ per cent of the total value of their product.

The relation of the price of news print paper to the increased cost of material is well shown in the rise of the value of pulp wood.

As stated on page 81 of Forest Products of the United States, 1909 (Census Bureau), 921,882 cords of pulp wood were consumed in New York to produce a product worth less than \$40,000,000. Pulp wood of all kinds in the United States advanced from \$4.95 to \$8.62 a cord from 1900 to 1909, which would indicate an increase in the value of wood consumed in New York in 1909 over the value of the same wood in 1900 of \$3,383,302, or $8\frac{1}{2}$ per cent of the value of the entire product of the New York mills. As a matter of fact pulp wood was higher in New York both in 1900 and in 1909 than these figures indicate.

Four dollars and ninety-five cents and eight dollars and sixty-two cents represent the average cost for all woods used in making pulp in 1900 and 1909, and are taken from the Department of Commerce and Labor, Forestry Department, figures. In 1900 domestic spruce cost \$4.82, imported spruce \$6.51. In 1905 the total average cost of all woods used in making pulp was \$6.82; domestic spruce cost \$6.89 and imported \$8.49. In 1907 the average cost of all woods used was \$8.17; domestic spruce \$8.55, imported spruce \$9.60.

In 1908 the average cost of all wood was \$8.38; domestic spruce \$8.76, imported spruce \$10.60. In 1909 the average cost of all woods was \$8.62; domestic spruce \$9.32, imported spruce \$11.34. If the above computation had been made upon spruce alone, which is principally used in making pulp, the increase in the cost of raw material would be even more apparent. For instance, domestic spruce cost \$4.82 in 1900 and imported spruce \$11.34 in 1909.

Every other item used in paper mills has appreciated in value during the same period.

The cost of construction of paper-mill plants increased at least 25 per cent during this period, owing to the increase in cost of labor, materials, and machinery. This increased cost has largely affected the cost of producing paper. As the capital was more than doubled between 1900 and 1909, \$167,000,000 and \$409,000,000, all repairs replacements, and extensions are at the higher cost.

The returns on capital invested in the news print industry have been small for 10 years, and insignificant for the last two years.

In the absence of statistical reports of earnings of news-print mills, I have collated from the several news-print mills located in Jefferson County, N. Y., my place of residence, and a center of news-print production, the tonnage of the several news-print mills located in or having their principal office in Jefferson County, and the dividends paid by them for the last 10 years.

There are two mills owned by the International Paper Co., two mills owned by the Remington-Martin Co., the West End Paper Co., mills owned by the St. Regis Paper Co., the Taggarts Paper Co., the Leray Paper Co., the De Grasse Paper Co., and the Champion Paper Co.

The complete statement of tonnage and dividends of the International Paper Co., which includes the two mills located in Jefferson County, is as follows:

Year.	Dividends paid.	Production.	Dividends paid per ton.
		<i>Tons.</i>	
1903.....	\$1,344,402.00	417,518	\$3.22
1904.....	1,344,402.00	426,881	3.15
1905.....	1,344,402.00	432,966	3.10
1906.....	1,344,402.00	453,988	2.96
1907.....	1,344,402.00	465,884	2.88
1908.....	672,201.00	315,479	2.13
1909.....	448,134.00	449,317	.99
1910.....	448,134.00	414,487	1.08
1911.....	448,134.00	468,156	.95
1912.....	448,134.00	489,323	.92
Total.....	9,186,747.00	4,334,999	

Average dividend per ton, 1903-1912, \$2.13.

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The statement of the Remington-Martin Co. for 11 years is as follows:

Year.	Dividends paid.	Production.	Dividends paid per ton.
		<i>Tons.</i>	
1902.....	\$1,977.84	7,330	\$0.27
1903.....	14,935.50	23,812	.62
1904.....	20,000.00	33,024	.60
1905.....	108,062.50	34,023	3.17
1906.....	29,990.00	43,724	.68
1907.....	26,250.00	48,337	.54
1908.....	139,436.50	43,578	3.20
1909.....	106,162.75	52,536	2.02
1910.....	184,929.00	56,444	3.28
1911.....	47,976.66	54,844	.87
1912.....	Nothing.	50,896	.....

Average dividend per ton for 11 years, \$1.39.

The statement of the West End Paper Co. for 10 years is as follows:

Year.	Dividends paid.	Production.	Dividends paid per ton.
		<i>Tons.</i>	
1903.....	(1)	6,406	None.
1904.....	(1)	7,280	None.
1905.....	\$9,000.00	7,080	\$1.13
1906.....	9,000.00	7,699	1.17
1907.....	9,000.00	7,532	1.19
1908.....	9,000.00	6,595	1.36
1909.....	9,000.00	7,391	1.22
1910.....	9,000.00	7,741	1.16
1911.....	9,000.00	8,976	1.00
1912.....	9,000.00	9,799	.91
	72,000.00	76,490	.....

¹ No dividends paid.

Average dividend per ton for 10 years, \$0.94.

Statements of other mills omitted from lack of time to present to committee.

Bearing in mind that the investment in news-print mills in New York State alone is \$100,000,000, and the annual production is \$60,000,000, it will be seen from each of these reports that the dividends indicate the closest possible margin in doing a successful business. As the annual product is only six-tenths of the capital invested, a fair return on the industry would not be less than 10 per cent of the value of the product. Paper has averaged \$44 per ton. The dividends as paid range from \$0.94 a ton to \$2.13 a ton, but no dividends have been paid during the last 10 years by the Champion Paper Co., the De Grasse Paper Co., or the Leray Paper Co., and the average dividends upon the capital invested in the industry in Jefferson County do not equal for that period 3 per cent. The reports submitted show a decided decline in profits since the passage of the reciprocity act in 1911.

Decrease in return on capital invested in the manufacture of paper and pulp, compared with the return on capital invested in published newspapers and periodicals from 1890 to 1905.

[Compiled from the United States Census.]

Year.	Capital.		Salaries.		Wages.		Miscellaneous expense and materials.	
	Newspapers and periodicals.	Paper and pulp mills.	Newspapers and periodicals.	Paper and pulp mills.	Newspapers and periodicals.	Paper and pulp mills.	Newspapers and periodicals.	Paper and pulp mills.
1890.....	\$126,269,000	\$89,829,000	\$17,777,000	\$1,770,000	\$50,824,000	\$13,204,000	\$74,682,000	\$50,998,000
1900.....	192,443,000	167,507,000	27,000,000	4,500,000	50,333,000	20,746,000	88,758,000	80,714,000
1905.....	239,505,000	277,444,000	47,127,000	6,097,000	69,821,000	32,019,000	137,989,000	127,691,000

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Decrease in return on capital invested in the manufacture of paper and pulp, compared with the return on capital invested in published newspapers and periodicals from 1890 to 1905—Continued.

Year.	Value of products.		Value of products less costs.		Apparent return on on capital.	
	Newspapers and periodicals.	Paper and pulp mills.	Newspapers and periodicals.	Paper and pulp mills.	Newspapers and periodicals.	Paper and pulp mills.
1890.....	\$179,859,000	\$78,907,000	\$36,576,000	\$13,135,000	<i>Per cent.</i> 29	<i>Per cent.</i> 14.5
1900.....	222,983,000	127,326,000	56,892,000	21,366,000	29	12.8
1905.....	309,301,000	188,715,000	64,364,000	22,904,000	27	18.2

¹ It is a matter of common knowledge that news-print paper is sold on a closer margin than most other grades of paper; 8.2 per cent therefore exceeds the average return on news-print paper and does not include depreciation.

Figures since 1909 are not yet available from the Thirteenth Census, but will show a continued decline of profits in the manufacture of paper.

The increased cost of material, wages, and construction since 1900 indicate that the industry in the United States has been compelled, in maintaining successful manufacture at the price of \$44 a ton, which has prevailed since 1900, to overcome by economy and efficiency an increased cost of at least \$10 a ton. This shows no lack of efficiency.

POINT 111. The development of the Canadian paper industry and its relation to the American market.

The Canadian census places the capital invested in the paper industry in Canada as in 1881, \$2,480,000; 1891, \$5,400,000; 1901, \$7,800,000; 1906, \$23,000,000.

The best obtainable information as to the growth of the news-print manufacturing business in Canada is as follows: 1910, 128,856 tons; 1911, 151,590 tons; 1912, 201,684 tons; 1913 (estimated expected output), 390,972 tons; which shows an increase in 1913 over 1910 of 203 per cent, practically all since the passage of the so-called "reciprocity" act.

In the absence of the statistical reports from Canada a sufficiently accurate statement of the condition of the industry may be obtained from the year-end reviews of trade in Canada.

The Toronto Globe of January 2, 1913, says:

"A remarkable feature of this development has been the number and capacity of the new mills devoted to news print, these mills representing the last word in mill designing, in capacity of paper machines, and in rapidity of production. The following is a list of these news-print paper mills:

	Daily capacity in tons of paper.
Powell River Co., British Columbia.....	200
Dryden Timber & Power Co., Ontario.....	40
Spanish River Pulp & Paper Mills, Ontario.....	155
Ontario Pulp & Paper Co., Sturgeon Falls, Ontario.....	45
Sault Ste. Marie Mill, Ontario.....	200
International Falls Mill, Fort Frances, Ontario.....	100
Ontario Paper Co., Thorold.....	120
Price Bros. & Co., Jonqueires, Quebec.....	150
Edwin Crabtree & Sons, Quebec.....	20
Smaller new mills and addition to old mills, say.....	170

1,200

"We have thus an increase of 1,200 tons per day in news print."

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The American Newspaper Publishers' Association in its current report of May, 1912, gives the following statistics of news-print mills in Canada:

"The latest reports from the new mills indicate the following dates for starting the production of paper:

Daily tonnage.	Per day.	Date.
Sault Ste. Marie.....	100	June 1, 1912
Sault Ste. Marie (additional).....	100	Oct. 15, 1912
Spanish River.....	100	May 1, 1912
Sturgeon Falls.....	50	July 1, 1912
Price Porritt (Jonquieres).....	150	Sept. 1, 1912
Powell River (British Columbia).....	100	Apr. 20, 1912
Powell River (British Columbia additional).....	100	Nov. 1, 1912
Anglo-Newfoundland.....	45	Started.
Do.....	45	May 1, 1912
Thorold-Ontario for Chicago Tribune.....	100	May 1, 1913
Fort Frances.....	55	May 16, 1913
Crown Columbia.....	55	
Total.....	1,000	

It appears, therefore, that the paper industry in Canada, besides having reached the stage where it could supply its own market, in which it is protected by a 15 per cent duty, and export to some extent to the United States, has in the year 1912 increased its capacity for the production of news print paper to the extent of at least 1,000 tons daily, an increase in production equal to 20 per cent of the entire capacity of the news print mills of the United States. This tremendous movement has been due to section 2 of the reciprocity act, making the markets of the United States free to Canadian news print paper and the advantages which Canada possesses over the United States for producing cheap news print paper.

The United States has had a constantly increasing importation of pulp wood from Canada amounting in the year 1910 to 943,141 cords. Pulp wood is bulky and expensive to transport and costs on the average at the American mills from 35 to 50 per cent more than at the Canadian mills. Labor is cheaper in Canada than in the United States. While the Tariff Board report makes an apparent difference of only 8 cents a ton (p. 39), the greater difference in labor is shown in the pulp which goes into the paper and costs in Canada 45 cents less in ground wood and 63 cents less in sulphite pulp (p. 39) per ton.

The subject of the comparative cost of paper in the United States and Canada was exhaustively treated in the report of the Tariff Board, and shows that the average mill cost per ton of news print paper in Canada is \$27.53, while in the States the average cost is \$32.88, a difference of \$5.35 in favor of Canada (p. 39).

The Tariff Board says:

"Canadian paper and pulp mills are equipped, as a rule, with the latest and most improved machines made by American manufacturers in the United States.

"The general managers and superintendents are, for the most part, Americans of wide experience. Those who are Canadians by birth are men who, like the Americans, have had long years of training in American paper and pulp mills. The skilled men, the machine tenders, the other hands who operate the paper machines are, as a rule, Americans brought from the United States for the purpose. They are paid American rates of wages, although in several instances the rates are for a 12-hour shift, instead of for an 8-hour shift as in Eastern United States. Excepting for the comparatively small number of skilled men necessary to operate the paper machines and the mechanics employed on repairs, the great majority of the men employed in the paper and pulp mills are classed as unskilled, and receive the pay of unskilled laborers. A study of the comparative wage tables in the report shows that the average rates of pay of unskilled men are lower in Canada than in the United States. For detailed figures see wage statistics in Part XIII.

"It would seem, then, that with modern mills, American machinery, American-trained managers and superintendents, and American skilled operatives, together with lower rates of wages for unskilled men, the Canadian manufacturing labor cost per unit of production in the modern and well-equipped mills of Canada would be considerably lower than in the modern and well-equipped mills in the United States." Pulp and News Print Paper Industry, Senate Document No. 31, page 55.

It is not surprising in view of these facts that a great impetus has been given by the passage of the reciprocity act to the manufacture of news print paper in Canada.

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IMPORTATIONS.

Importations of paper valued at 2½ cents per pound or less: Canada, 1909, 22,728 tons; 1910, 54,154 tons; 1911, 54,484 tons; 1912, 74,000 tons.

Importations from Canada of news print paper since the passage of the reciprocity act for the first 11 months of 1912:

1912	Total.	Free of duty.	Subject to duty.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
January.....	9,736,678	6,031,202	3,705,476
February.....	8,447,730	5,256,585	3,191,145
March.....	9,492,463	6,900,602	2,591,861
April.....	9,850,143	7,987,285	1,862,858
May.....	8,864,047	7,469,003	1,395,044
June.....	10,803,639	5,922,808	4,880,831
July.....	11,512,206	8,100,648	3,411,558
August.....	14,066,135	10,853,665	3,212,470
September.....	21,699,337	16,699,747	4,999,590
October.....	20,835,912	16,234,336	4,601,576
November.....	21,994,372	17,471,096	4,523,276
Total.....	147,902,662	108,926,977	38,975,685
For the same period 1911.....	100,556,000	19,088,000	81,468,000

It appears from this that since the passage of the reciprocity act paper paying duty and imported from Canada has fallen off more than 50 per cent, while the importations of free paper have more than doubled.

POINT IV. The duty under the Payne tariff of \$3.75 a ton on news print paper, viz, paper costing not more than 2½ cents a pound, should not be disturbed.

It is on a revenue tariff basis, \$3.75 a ton is, when paper costs \$44 a ton, approximately 8 per cent ad valorem. Paper was imported under this tariff from Canada before the passage of the reciprocity act. Since the passage of the reciprocity act very large importations have been made paying this rate of duty, because not made from free wood. The figures of the importation are given in the last point.

Germany, Norway, and Sweden have been demanding free entry for their paper ever since the passage of the reciprocity act. Failing in securing a favorable decision thus far from the State Department, they have caused test cases to be brought in the customs court, which are still pending. The standard of wages in these countries is lower than in the United States and free entry of their paper would menace the news print industry if the present wages are continued.

Not only is paper imported freely from Canada when a duty of \$3.75 a ton is imposed, but the importation continues unchecked when a differential of one-tenth of 1 cent per pound, or \$2 a ton more, is imposed. All of the paper imported from Canada under the Payne Act and the reciprocity act when paying duty has been subject to duty of \$5.75 a ton.

Besides involving a loss of revenue its removal would be a menace to investments made in the paper industry of the United States and to the wages of labor now employed. The duty is not in excess of the taxes and burdens assumed by American manufacturers as American citizens in establishing, maintaining, and operating their plants. It is not only no hardship to foreign manufacturers, but it is an injustice to home manufacturers to permit competition in this market without imposing a tax equal to the local taxes imposed upon home producers.

While the newspaper publishers are not as a class demanding free paper from abroad, it may be said as to such of them as are calling for it that there is no justice in furnishing them with free raw materials in their business while tariff revenue taxes are and will still be imposed on the articles imported for consumption by all other citizens, including American paper manufacturers in and out of their business.

POINT V. Section 2 of the Canadian "reciprocity" act should be repealed.

(a) This act has been repudiated by Canada, having been made as a tender of reciprocal exchange in trade. Its refusal by Canada ends its usefulness and propriety.

(b) The "reciprocity" act as interpreted by the Government at Washington is oppressive and destructive to the industry in the United States.

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By Treasury Department Circular No. 48, Division of Customs, dated July 26, 1911, section 2 was declared in force "immediately on the approval of the act," and the following administrative regulations were promulgated:

"Sixth. Under the provisions of said section 2 there will be admitted free of duty at the present time only such of the articles specified therein as are produced from wood cut on private lands or on such Crown lands as are free from the restrictions, prohibitions, or charges set forth in the said section.

"Seventh. Subject to compliance with the regulations herein set forth, free entry will be granted to wood pulp, paper, and paper board valued at not more than 4 cents per pound manufactured from (a) wood cut on any land, public or private, in any of the Provinces or Territories of the Dominion of Canada except the Provinces of British Columbia, Ontario, and Quebec. This will only include the Province of New Brunswick until October 1, 1911; (b) wood cut on private lands in the Provinces of British Columbia, New Brunswick, Ontario, and Quebec; (c) wood cut on the provincial lands of the Province of British Columbia lying east of the Cascade Range of Mountains.

"Eighth. Free entry will be denied to such wood pulp, paper, and paper board manufactured from wood cut on the Crown lands of the Provinces of Ontario and Quebec, or on the provincial lands of the Province of British Columbia lying west of the Cascade range of mountains, or on the Crown land of the Province of New Brunswick on and after October 1, 1911."

The Treasury Department issued these regulations upon the same date upon which the act was passed, even in advance of its approval. This was no doubt done upon the assumption that the corresponding legislation required by the act which had previously been introduced in the Canadian Parliament would be adopted, and perhaps for the purpose of assisting and promoting that result, and probably without any serious or thorough consideration either as to the proper construction of section 2 or as to whether section 2 was intended to become operative in case Canada failed to adopt such legislation.

The only requirement for the admission of paper free from Canada is the signing of a certificate by the Canadian shipper in the following form: "We certify that all of the within-mentioned wood pulp was manufactured from wood cut from the Province of Quebec, ——— per cent from private lands, not subject to government license. Our books are at all times open to the inspection of American consul and United States Treasury agents."

If the shipper states that 90 per cent of the invoice was made from free wood, 90 per cent is admitted free. Such a practice, in view of the difficulty if not impossibility of tracing the wood from which a particular invoice was made, makes the duty upon Canadian importations farcical. It is an invitation to cheat the Government of the United States.

(c) The interpretation of section 2 of the act by the Canadian Government and Provinces which our Government has thus far sustained is even more destructive of the industry in the United States.

The exportation of pulp wood from Crown lands in Canada is generally prohibited.

In the case of British Columbia pulp wood cut from the Crown lands lying east of the Cascade Range could be exported, while that cut from Crown lands lying west of the Cascade Range could not be exported, under section 49, chapter 30, of the Laws of British Columbia, reading as follows:

"All timber cut under lease, special license, or general license from provincial lands lying west of the Cascade Range of Mountains must be manufactured within the confines of the Province of British Columbia; otherwise the lease, special license, or general license shall be canceled."

The Treasury Department ruled that paper should be admitted free if made from pulp wood cut on the unrestricted Crown lands, and should pay duty if made from pulp wood cut on the restricted Crown lands.

By an order in council dated July 12, 1912, the Province of British Columbia removed the restrictions from certain specified Crown lands west of the Cascade Range, leased to the Powell River Paper Co., manufacturing paper in British Columbia, and the Treasury Department, by order of August 12, 1912, ruled that paper made from pulp wood cut on those specified tracts is entitled to free entry. This order of British Columbia is clearly a subterfuge. The restriction upon the export of wood cut from the particular lands leased was evidently removed only because those leases were held by a Canadian manufacturer, and with the understanding that such wood never would or could be exported as wood.

The Province of Quebec, by an order in council, has removed the restriction for exportation on tracts of Crown lands from which pulp wood is taken for manufacture

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by the Laurentide Paper Co., Price Bros., Wyagamack Paper Co., and the Belgo-Canadian Paper Co. for the express purpose of enabling them to export their paper to the United States free of duty, but with a perfect understanding that the wood is not available for export and will not be exported. Such privileges are wholly denied to American manufacturers who desire to import wood from Crown lands owned in Canada by them. (Refer to the Berlin Mills, Portland, Me.)

The Quebec Chronicle of December 31, 1912, in discussing the case, says: "By this it is thought that the limit holders will be enabled to get free entry for their paper, but will, it is understood, see that no wood is exported from their holdings, even though the restrictions are removed. It remains to be seen if the astute Uncle Sam is likely to be flimflammed by any such transparent device."

If this construction is to prevail, it is obvious that in a short time all restrictions will be removed upon wood cut from Crown lands, which are leased to Canadian manufacturers or others under such conditions as to give assurance to the respective Provinces that the wood will be manufactured in Canada and not exported to the United States, and all paper and pulp from Canada will be admitted free without the removal of a single restriction upon any pulp wood really available for export to this country.

(d) By the combined misinterpretations of the "reciprocity act" at Ottawa and Washington, the act has operated to open American markets to news print paper made in Canada at a less cost than in this country, while excluding from the Canadian market higher grades made in the United States at less cost than they can be made in Canada. American mills when driven out of the news-print manufacture in the United States can not turn to the manufacture of higher grades of paper for export to Canada, where they have an advantage over Canadian manufacturers.

Mr. Fielding, the Canadian minister, in debating the reciprocity act in Parliament at Ottawa, said:

"Our American friends were anxious for some tariff changes in relation to these articles. We ourselves were anxious for some tariff changes. As respects certain grades of pulp and paper, mechanically ground pulp, chemical pulp, common printing paper, known as news print, and the common pasteboard and the cheaper articles of paper other than news print or common paper, up to a limited value of 4 cents per pound, we believed that we could compete with our American friends on these particular articles, and that it was desirable we should have free trade in them."

(e) The provisions of section 2 of the reciprocity act, permitting importation into the United States of Canadian paper when manufactured from free wood, has raised the price of freehold wood in Canada, which alone can be exported to the United States, and is sought by American buyers in that market. Canadian manufacturers anxious to import to the United States are in the field to buy this freehold wood in competition with American purchasers for the first time since the passage of the reciprocity act. The condition of the American buyer is distinctly worse than it was before.

(f) Section 2 of the reciprocity act, by indirectly increasing the demand for Canadian freehold wood and adding Canadian export manufacturers to the prospective buyers of such wood, drives the American mills into a greater consumption of pulp wood cut from American forests. It certainly is not a sound policy in the United States to continue an enactment of law which makes it difficult for American manufacturers to acquire pulp wood from Canadian markets and puts a premium on the use of American pulp wood. This is the reverse of conservation.

(g) The reciprocity act, by permitting free importation into the United States of news print paper in which Canada enjoys a natural advantage in manufacture, has given a great impetus to the construction of news print mills in Canada, and caused a corresponding depression in news print manufacture in the United States. Their trade is booming; ours is depressed. This is shown in Canada's seizure of the export trade and the loss of such trade to United States mills, which would not have occurred, at least so soon, but for the stimulus given to the industry in Canada by the passage of the reciprocity act. Separate statistics of news print exportations have only been kept since July, 1910, since which time the export trade to England has been: For the last six months of 1910, 9,416 tons; for the 12 months of 1911, 8,160 tons; for the first nine months of 1912, 2,906 tons. Section 2 is resulting in Canada's taking away from the United States such export trade as it had to England.

Canada had already secured New Zealand under a preferential rate of 20 per cent. Australian buyers now refuse American contracts for paper unless they contain the clause:

"As soon as the preferential tariff in favor of Canada shall have been established the contract becomes null and void unless Canadian paper be furnished."

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Canada's attitude toward trade in paper furnishes a marked contrast to our own. In Forest Products of Canada (1911), under the head of exports and imports, appears the following:

"Canada's foreign trade in wood pulp has not kept pace with the growth of the industry. Unfortunately more than one-half of the pulp wood cut is still exported in the unmanufactured form. This is a direct loss to the country, for the increased value due to manufacture is given away" (p. 13).

"Over 55 per cent of the pulp wood cut in Canada in 1911 was sent out of the country without further labor being expended on it. The United States manufactured in pulp and paper. * * * This means that from the 847,939 cords of Canadian pulp wood sent to the United States in 1911, 282,646 tons each of mechanical and chemical pulp were made. The value of these 565,292 tons of pulp, for which, in the form of pulp wood, Canada received \$5,340,592, was, at the average prices (\$15.55 and \$38.24, respectively) paid by United States importers of mechanical and chemical pulp, \$4,395,145 and \$10,808,383, or altogether \$15,203,528. Thus Canada got little more than one-third of the amount she would have received if all the pulp wood were converted into pulp on Canadian soil. As the United States do not export 2 per cent of the amount they import, and derive nearly one-third of their total consumption from Canadian sources, there need be no fear that a market for Canadian wood pulp would be lacking. The United States would pay \$15.55 and \$38.24 per ton for the wood pulp instead of \$6.29 per cord of pulp wood. * * *

"If the pulp wood exported in 1911 had been reduced to pulp in Canada, it would have supplied 68 mills of the average size of those in Canada. Thus 122 mills instead of 54 would have been operating in Canada, employing Canadian labor and advancing Canadian industry."

Shall we aid Canada in this policy by wiping out the small tariff now on news print paper and continue section 2 of the reciprocity act as heretofore interpreted?

The Canadian railroads are at work for the Canadian mills and against the American mills. In the Montreal Star of January 3 is the following statement of a well-known fact:

"Hitherto these American mills seem to have enjoyed low freight rates, but of late a new feature has been introduced by the action of the Canadian railways in filing higher rates on pulp wood with the railway commission. Naturally this action was at once opposed by the American traffic agents, and by a number of Canadian exporters. Operations have been suspended by the board until February, and in the interim the Canadian manufacturers who are desirous of having their paper enter the States free of duty have brought constant pressure to bear on the Gouin Government with a view to removing the embargo on lands held by them."

What reciprocal action on section 2 can be expected from Canada so long as the rulings of the Treasury and of the Canadian Government combine to give all of the benefits of free entrance of Canadian paper to the United States and permit further exclusion of pulp wood from our markets, refusing and denying all reciprocal benefits?

POINT VI. The differential in the Payne tariff of one-tenth of 1 cent per pound additional duty on Canadian paper in case of any charge, license fee, or prohibition from Canada or Canadian Provinces, on the exportation of pulp wood and the condition of like import in section 2 of the reciprocity act (not enforced) are based on a sound public policy.

Such a discrimination in trade would justify retaliatory measures by the United States to compel its removal. All nations struggle against such discrimination by treaty and retaliatory acts. Our own statutes like the maximum and minimum tariff rates and treaties containing the "most favored nation" clause are designed to prevent discriminations in all lines of trade.

So long as Canada has wood to sell she should not be permitted to refuse her citizens the privilege of selling it in this country as a means of transferring the manufacture of news print mills from the United States to Canada, so that she can make and sell the paper in our market.

Nor does it follow because Canada has certain natural advantages in the manufacture of news print paper over the United States, that news print should no longer be manufactured in the United States. The United States now has certain natural advantages over Canada in paper costing over 4 cents a pound, but Canada is manufacturing her own paper of that class and maintaining a protective tariff to enable her mills to do it. Because Canada has more pulp wood than the United States is no sufficient reason for our giving up the news print industry. It would be as reasonable to argue that cotton should not be manufactured in New England and Old England because cotton is not grown in either, or that wool should be manufactured in Australia and Buenos Aires

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and not in Massachusetts because it is grown in the former countries and not in the latter.

By the figures of the Statistical Division of the Bureau of Foreign and Domestic Commerce, it appears that the exports of manufactures from the United States in the year 1912 exceed \$1,100,000,000. The value of manufactures, materials imported during the year, exceeded \$900,000,000. The dozen leading articles on the import side for the use of manufacturers are wool, silk, cotton fiber, tin, hides, copper, tobacco, lumber, oils, and chemicals of various sorts. The 12 principal articles on the export side—products of the factories of the country—are manufactures of iron and steel, leather, copper, wool, cotton, refined mineral oils, naval stores, manufacturers of paper, agricultural implements, cars and carriages, electrical instruments, and automobiles.

Manufactures of papers, although one of the greatest exporting interests in the country, is not yet one of the 12 greatest importers of materials for manufacture. While "news print" forms an inconsiderable part of these exports, the maintenance of the industry in the United States as a whole is an essential condition of the manufactures of paper for exportation.

POINT VII. The advantage to Canada in cheap pulp wood is due not to the exhaustion of the supply of pulp wood in the United States, but to the vast and unusable forest wastes of Canada which make pulp wood a comparative drug on the market in that country.

In the pulp and paper magazine of Canada, published in Toronto, January 31, 1913, the pulp-timber resources of Canada are tabulated as follows:

	Acres.	Cords.
Nova Scotia.....	5,000,000	24,000,000
New Brunswick.....	20,000,000	100,000,000
Quebec.....	60,000,000	600,000,000
Ontario.....	40,000,000	400,000,000
British Columbia.....	40,000,000	450,000,000
Dominion lands.....	100,000,000	450,000,000
	265,000,000	2,024,000,000

This supply would be more than adequate for the United States and Canada at the present rate of consumption for a thousand years. Is it surprising that the owners of this pulp wood are anxious to find a market for it in the United States?

There are 10,000,000 acres averaging 5 cords to the acre, or 50,000,000 cords in all, in the State of Maine alone. The natural growth of this pulp wood, which is 2 per cent per annum, will yield 1,000,000 cords a year. This 50,000,000 cords is to-day marketable for as great a sum as 500,000,000 cords in Canada because it is available for use in mills and to the market.

The policy pursued by the Government at Washington, beginning with the passage of the reciprocity act, has tended to increase still further the value of this pulp wood in Maine by confining American buyers more and more to American markets and excluding them more and more from Canadian markets.

POINT VIII.—Summary.

The existing tariff upon news print paper should not be disturbed; it is already upon a revenue basis.

The reciprocity act should be repealed to prevent unjust and oppressive discrimination by Canada toward American paper manufacturers.

The administrative rulings and practices of the Treasury Department in the admission of paper from Canada should be abolished as a subterfuge and invitation to fraud. If the reciprocity act be repealed there will be no occasion for any ruling or administrative practice of the kind.

A number of clippings containing semiofficial statements from the Government of Canada and its provinces are hereto attached in explanation and support of this memorandum.

ELON R. BROWN,
For the News Print Mills, Watertown, N. Y.

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APPENDIX I.

[From the Montreal Star, Jan. 3, 1913.]

REMOVAL OF PULP-WOOD EXPORT TAX IS ONLY PARTIAL—NEW CONDITIONS AND SHARP CONTROVERSY FROM QUEBEC'S ACT—WHAT AMERICAN PUBLISHERS WANT—CANADIAN PAPER MAKERS CAN NOW SHIP PRODUCT INTO THE STATES FREE OF DUTY.

[Special to the Montreal Star.]

QUEBEC, *January 3.*—It has been learned from several members of the Limit Holders' Association that the agitation on the part of certain manufacturers of pulp and papers to remove the restrictions on the exportation of pulp wood from Crown lands in order that these manufacturers might benefit by a quid pro quo in the shape of free entry for their paper and pulp into the United States, had at last obtained tangible results and an Order-in-Council signed by the lieutenant governor whereby it would be provided that the embargo would not apply (dating from May last) to various limits in the Province which are the property of some of the Canadian mill owners.

The four mills affected by the removal of the ban on the exportation of pulp wood from Crown lands are the Laurentides, the Belgo, the Wayagamack, and Price Bros. These are the only four in the Province which draw their raw material from Crown lands.

In each case the section freed from the embargo is but a very small proportion of the lands which are leased to them.

What has led up to this action is the effect of the pulp and paper clause introduced into the reciprocity proposals which still stands good irrespective of the adoption or otherwise of the treaty. This clause allows the admission duty free of pulp and paper into the United States when manufactured from wood cut on Crown lands from Provinces with restrictions on such exportation. That is to say, the Americans as a return for getting the raw pulp wood of these Provinces offered to let down the barriers to the finished article.

There were Provinces that had passed legislation of a prohibitive character, namely Quebec, Ontario, and New Brunswick. These restrictions, however, could apply only to Crown lands as the provincial legislatures had no authority to enforce them on freehold and seigniorial lands which come under Federal jurisdiction, and which have long been a source of supply for the mills in the Eastern States.

As there are practically two classes of Canadian mill owners, those who draw their crude material from Crown lands and those who are supplied from freehold and seigniorial lands, the result has been to place the former at a disadvantage when compared with the latter.

FORCED INTO BUYING FREEHOLD LANDS.

According to the story advanced by some of the local limit holders, the former class was, therefore, forced into buying freehold lands so as to offset the handicap. This, it is claimed, had the effect of bringing them into competition with Canadian exporters and American buyers, while this same competition is said to have been the means of raising wood prices.

Hitherto these American mills seem to have enjoyed low freight rates, but of late a new feature has been introduced by the action of the Canadian railways in filing higher rates on pulp wood with the railway commission. Naturally this action was at once opposed by American traffic agents, and by a number of Canadian exporters.

Operations have been suspended by the board until February, and in the interim the Canadian manufacturers, who are desirous of having their paper enter the States free of duty, have brought constant pressure to bear on the Gouin Government with a view to removing the embargo on lands held by them.

The lifting of the embargo is explained by the following facts. Canadian manufacturers who want their paper to enter the States duty free can only do so by convincing the Washington Government that this paper is manufactured from wood cut on freehold lands. Some mill owners draw all their supply from freehold lands while others draw part from freehold and part from Crown lands. In the latter case they see part of their wood enter free, while the rest is subject to duty.

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WILL KEEP WOOD FOR THEIR OWN USE.

As is natural, those Canadians who get their material from the lands where there is no embargo have no desire to see the removal of the restrictions on the Crown lands, and the policy which has been adopted is said to be due to them.

By this it is thought that the limit holders will be enabled to get the entry for their paper, but will, it is understood, see that no wood is exported from their holdings and keep it for their own use even though the restrictions are removed.

During the last 12 months or so a somewhat critical situation has developed in the pulp and paper industry in Canada. The big profits made by some of the older established concerns around 1910 created a boom in the following year, and as a consequence about 20 new companies, with a capitalization of more than \$40,000,000, were incorporated during 1911.

The result was overproduction and congestion of the market. So much was this the case that some of the newer firms had difficulty in finding a market for their product, and had to sell at prices which only just about covered the cost of production.

REDUCED OUTPUT BY A LARGE MARGIN.

Add to this the facts that the mills in the States were favored by an abundant water supply last year, that powerful institutions like the International Paper Co. have reduced their output by a large margin and that prices in the American market rule something like \$3 or \$4 less than in the previous year, and it was easily to be seen that the new companies were up against a hard proposition.

Already the Eastern Canada Co. has gone to the wall. It is also said that a big Ontario firm has been trying to "ring" the market.

As it will hardly be to the interests of the Canadian mill owners to export the wood which they need for themselves, the amount exported as a result of the present Order in-Council will probably be infinitesimal. This action is precisely similar to that taken by the McBride government in British Columbia, which, it is claimed, has been fully justified by the results.

APPENDIX 2.

[From Le Nonvran Trois Rivières, Jan. 3, 1913.]

AN EXCELLENT STEP.

The order of council recently adopted by the Provincial cabinet and which revokes in part the prohibition of the export of pulp wood, seems to have been misunderstood in some quarters.

There is by no means a repudiation of the policy adopted a few years ago by the Gouin policy, aiming principally to encourage and aid the development in our Province of the pulp and paper industries.

It is, on the contrary, simply a new step inspired by the same desire, and intended to avail itself of circumstances to the benefit of the interests of the paper industry.

Every one knows that the United States, who are large consumers of paper, especially of news paper, adopted a special customs tariff on the imports of pulp and paper coming in from Canada; the discriminating tariff dues imposed on the paper manufactured in Quebec, which were imposed owing to the policy adopted by the Province to prohibit the export of our raw material (pulp wood), constituted practically an insurmountable barrier for the sale of the paper manufactured in Quebec. They amount to \$5.75 per ton of paper.

The result thereof was that our paper manufacturers, at least those who secured their raw material (pulp wood) from Crown lands held by them under license, were prevented from exporting their product to the United States.

The paper manufacturers in our Province who use exclusively the pulp wood cut outside Crown lands, could alone enter the American market upon advantageous commercial conditions.

It is clear that if we want to favor the development of the paper industry in Quebec, which is the ultimate purpose of the policy of the Gouin government, it is of the greatest necessity to try to insure to this industry the best conditions needed for the disposal of its products. This is the only purpose of the step taken by the Provincial cabinet,

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The American tariff provides that this discriminating duty of \$5.75 per ton does not apply to paper made from wood which is not subject to the prohibition of exportation of pulp wood.

The order in council declares that this restriction concerning the export of pulp wood shall not apply to the limits owned by the four principal paper mills in our Province, viz, Belgo-Canadian, the Wayagamac, the Price Bros., and the Laurentide.

Backed up by this order in council these companies can now apply to Washington to demand the withdrawal of the discriminating duty on their product. There can be no doubt upon the result of their step because there is a recent precedent—that of British Columbia. Some time ago Columbia adopted a similar measure for the benefit of the paper industry and since then paper manufactured in British Columbia is exempt from duty upon its import into the United States.

As will be seen, the measure taken by the Provincial government is excellent and in conformity with the interests of the Province, because it will insure to these four paper mills, the largest ones in our Province, a new outlook—that of the American market which was closed to them.

On the other part, as these paper mills consume for their own manufacture all the pulp wood which they cut on their limits the purpose in view by the restriction imposed previously by the Government of the Province is fully attained.

The exception made in their favor does not alter the policy of Provincial interests, which is being followed. On the contrary, it furnishes a new element of encouragement for the development in our Province of the paper industry, and insures the most fruitful exploitation of our forest resources.

In order to convince one's self that this policy of the Liberal Government has been particularly fruitful it is only necessary to know that since 1910 the production of paper in Quebec has increased, through the building of 11 new mills, by 500 tons per day, and that of pulp by 400 tons per day.

It is just and natural that in its pursuit of its truly national policy (to-day the great problem is not so much that of insuring the establishment of manufactories, but rather to facilitate the outlet for their production), the desire of the government should be to open to them the American market by the measure adopted a few days ago.

APPENDIX 3.

[Editorial from Pulpwood and Paper, Jan. 9, 1913.]

Regarding a recent decree of the Provincial Government.

Of the law passed by the Congress of the United States in consequence of the Taft-Fielding agreement only one clause remained in force—that which opened free entry into the United States to the wood pulp and paper made from pulp manufactured in Canada. But to this clause a provision was attached that it would apply to the pulp and paper manufactured out of wood the export of which would not be prohibited nor taxed with an export duty.

A few months before this agreement, the government of Sir Lomer Gouin, acceding to the pressing demand of Canadian manufacturers of pulp and paper, had prohibited the export of rough wood cut on Crown lands. The purpose of this prohibition was to force the American paper mills to come and establish in the Province in order to insure for themselves the raw material (pulp wood), and this purpose was attained as about 15 pulp factories came to establish in our territory in consequence of the prohibition.

But this prohibition had as a counter effect that of depriving the paper manufactured in Canada, made out of wood cut on Crown lands, from this privilege of free admission into the United States and to subject it to a countervailing duty, amounting to \$5.75.

There is in the United States an immense market for paper made out of wood pulp (news paper), and our large paper mills were excluded from this market while others of another Province profited therefrom in full freedom.

Representations were made to the government of Sir Lomer Gouin that if the prohibition were taken off for the "limits" operated by these 4 large manufacturing companies, the American authorities could admit free the paper from these companies. These companies can produce jointly 500 tons of paper per day. At \$5.75 per ton of customs duty, this would represent a receipt of \$74,750 per month for the American Treasury if all this paper were exported. But as the countervailing duty prevents

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this export, our mills had to content themselves to produce only for the needs of the Canadian market, which are already over supplied.

Then the government of Sir Lomer Gouin decided to take off for these four large companies the prohibition of export for the pulp wood cut on their limits beginning with the 1st of May last. They will be able, therefore, next summer to export their paper into the United States, and consequently increase their production to full capacity. This will be work for our workmen, woodcutters, manufacturers, etc.

The objection was ventured that these companies could then sell their pulp wood instead of their paper. Their own interest is a guaranty that they will do nothing of the kind. Why should they sell pulp wood at a price of from \$5 to \$6 per cord while they may sell it converted into paper at a price of \$50 to \$60 per ton.

By thus taking off this prohibition in particular cases the Government has simply placed the aforesaid companies on the same footing for export as the mills which use fee-land wood, the export whereof is not prohibited.

It does therefore obviate this inferiority which fell upon the operation of Crown lands. The prohibition continues to hold for wood for sale which can not be exported except after having passed a process of manufacture in Canada. And if it is taken off for the pulp wood of certain limits, it is because there is no reason for maintaining it on limits, the concessionaries whereof must, before anything else, try to make use of the costly installation which they have and export the product of their industry only in the form in which it brings them the greater results.

The above is a very simple explanation of a measure which has given rise in a helter-skelter manner to the use of much ink in the attacks of the blue press against the Gouin government.

APPENDIX 4.

[E. B. Biggar in the Toronto Globe, Jan. 2, 1913.]

MORE PAPER PLANTS—STRIKING INCREASE IN CAPACITY FOR THE PRODUCTION OF NEWS PRINT—SPRUCE WOOD IS HIGHER.

The year just closed has witnessed the greatest development the Canadian pulp and paper industry has ever known. Indeed, if we consider the two interests as one, the growth of the industry has exceeded that of any single nation in the world since wood became a raw material for paper making.

A remarkable feature of this development has been the number and capacity of the new mills devoted to news print, these mills representing the last word in mill designing, in capacity of paper machines, and in rapidity of production. The following is a list of these news print paper mills:

	Daily capacity in tons of paper.
Powell River Co., British Columbia.....	200
Dryden Timber & Power Co., Ontario.....	40
Spanish River Pulp & Paper Mills., Ontario.....	155
Ontario Pulp & Paper Co., Sturgeon Falls, Ontario.....	45
Sault Ste. Marie Mill, Ontario.....	200
International Falls Mill, Fort Frances, Ontario.....	100
Ontario Paper Co., Thorold.....	120
Price Bros. & Co., Jonqueires, Quebec.....	150
Edwin Crabtree & Sons, Quebec.....	20
Smaller new mills and additions to old mills, say.....	170

1, 200

We have thus an increase of 1,200 tons per day in news print. It is not strictly correct to say that this is the work of a calendar year, for some of these new mills were started in the latter part of 1911, while two of them are not yet finished and will not be in operation till the middle of 1913, but the increase which can be credited to 1912 will still be about 1,000 tons per day.

Another noteworthy feature of the industry is the increase in the production of Kraft pulp and paper. Kraft is a German word, signifying "strong," and the Kraft papers—produced from pulp which is made by the sulphate (not sulphite) process—afford great strength with lightness, so that in recent years they have come into great

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favor as a wrapping paper and for various special purposes where toughness and strength are required. When introduced in Sweden and Norway, the makers of these papers claimed that no other country could produce pulp of the right kind, but Canadian mills introduced Scandinavian skilled hands, and by making a study of the process achieved complete success in advance of United States mills and for some little time have been able to sell Kraft pulp, and even limited quantities of paper, in the American market in addition to supplying the home demand. The production of Kraft has been increased during the year by about 100 tons per day, while one new mill produces sulphate (Kraft) pulp to the amount of 90 tons per day for sale to other mills. There is a large and growing market for Kraft, and Canada can compete successfully with Scandinavia, Finland, Germany, and England in the markets of the world for this class of paper, as well as news.

NEW STRUCTURES.

New mills or additions to old mills have also marked the advance of the paper industry in book, writing, coated, bond, tissue, manila, hanging, and other papers, while a new mill with a capacity of 30 tons a day has been built for making a species of pulpboard known as "Beaver board," which, when coated with varnish or a finishing liquid, is used as a substitute for house lathing and plastering.

In addition to these new ground-wood pulp mills have been built, with an aggregate capacity of 200 to 250 tons per day and sulphite or chemical fiber mills to the capacity of 100 tons per day.

CANADA V. STATES.

The markets have been very steady and prices well maintained throughout the year, so far as news print is concerned, and the demand from the United States and foreign countries has promptly absorbed all the new production in this country. In the building of new mills there now is likely to be a halt for a time, as the sites where large waterpowers and big timber limits are near each other are not to be picked up every week. To be successful, a news print mill must have cheap and large water powers and cheap wood within floatable distance, and it is only by these advantages that the Canadian mills have made headway where those of the United States have stood still during the past two years. With the development of large cities in that country it is found that waterpower can be sold at higher rates for other industrial purposes, and since spruce wood has also become scarcer year by year the projectors of paper mills have left the news branch of the business to Canada, and have not only ceased to build large news mills—save in exceptionally well-placed localities—but they have in a number of cases turned old news mills upon other and higher-priced papers. This change has no doubt been accelerated by the legislative situation. It will be remembered that one of the clauses of the reciprocity treaty was made operative without regard to the acceptance or rejection of the treaty by Canada, and this clause admitted Canadian pulp and news print free into the States. The pulp and paper interests of other countries, such as Germany and Scandinavia, claimed the same treatment under the favored-nations clause, but the United States Customs Board and the courts have disallowed this claim, on the technical ground that Canada is not a "nation." Behind the technicality there is a question of expediency, for the United States paper industry is at present beholden to Canada for a round million cords of wood per year, which, owing to the growing need of conserving the raw forest products and the continual drain on these resources, might no longer be allowed to go out free if duties were now put upon these papers.

PRICE OF SPRUCE.

Speaking of wood, the price of spruce in Canada has advanced during the year by about \$1.50 per cord, an advance chiefly due to the increased cost of labor in the woods. There is also an upward tendency due to the fact that a very plentiful supply of water on the mill streams of the United States last season has enabled the mills there to clear off their surplus stock of wood and they are prepared to take more. The available wood supply on private lands in Quebec—the only kind allowed in free to the United States—is noticeably diminishing in that Province and Ontario. These and other considerations make it very unlikely that any radical change will be made by the new Government of the United States in duties and regulations affecting the pulp and paper trade between these two countries.

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APPENDIX 5.

[From the Montreal Star, Jan. 4, 1913.]

BETTER CONCESSIONS MUST FOLLOW NOW—"SUBSTANTIAL BEGINNING TOWARD SWEEPING AWAY EVERY RESTRICTION," THEY SAY.

NEW YORK, *January 4*.—Mr. John Norris, chairman of the committee on paper of the American Publishers' Association, said to-day that the action of the Provincial Council of Quebec in removing the restriction upon the exportation of pulpwood from the Crown lands of four large mills, viz, Laurentide, Belgo-Canadian, Price Bros. & Co., and Wayagamac, insures the admission into the United States free of import duty of all the products of those mills, which have a producing capacity of 480 tons per day of news print paper and 50 tons per day of kraft paper.

"It is inevitable," he said, "that the other and smaller mills in that Province will obtain a similar concession when they ask for it, and that the news print paper mills in Ontario will be forced by competition to obtain equal concessions from that Province. British Columbia removed its restrictions last summer for the Powell River mill.

"The action of the provincial governments is calculated to stimulate new production in Canada to supply the large and increasing market in the United States. The high duty which the United States has imposed on news print paper made from Crown-land wood, viz, \$5.75 per ton, put a premium of \$2 per cord on freehold wood in Quebec and placed a corresponding burden on the paper makers in northern New York for all the wood they brought from Quebec.

"The abolition of import duties on the products of Crown lands removes the competition of the Canadian mills for wood from Canadian freehold lands. The action of the provincial council is a distinct advance toward a healthier condition of the paper industry, helpful to Canadian producers, and helpful to American paper makers, who have been forced to pay the cost of the retaliatory methods of both Governments. It is a substantial beginning toward the sweeping away of every restriction upon the interchange of wood and pulp and paper on both sides of the border."

APPENDIX 6.

[From the Montreal Financial Times, Aug. 17, 1912.]

CANADA PRINT-PAPER EXPORTS TO UNITED STATES IN 1912—WE SENT 55,563 TONS OUT OF STATES' TOTAL IMPORTATIONS OF 59,789—OUR SHARE VALUED AT \$2,101,086—OUR AVERAGE PRICE FOR THREE YEARS ABOUT \$37.40 PER TON.

Canada's share of the United States imports of print paper during the fiscal year ended June 30 last, was 55,563 tons, valued at \$2,101,086, as against 53,114 tons, valued at \$1,969,102 in 1910-11, and 43,388 tons valued at \$1,615,100 during 1909-10.

The average price of Canadian print paper at the point of shipment during the last three fiscal years was shown from these figures to have been in 1911-12, \$37.81; in 1910-11, \$37.07; and in 1909-10, \$37.22.

The total quantity of print paper imported from all sources into the United States during the fiscal year aggregates 59,789 tons valued at \$2,567,670, compared with 57,206 tons valued at \$2,482,968 during 1911 and 46,455 tons valued at \$1,920,801 in 1910.

Imported print paper, at the point of shipment, brought an average price during the fiscal year of 1911-12 of \$41.53 per ton, a decline of \$3.55 as compared with the previous year, when it was \$44.88.

Canada therefore was a very important factor in the print-paper importations into the States during the year, as will be seen by the following table:

	1912		1911	
	Tons.	Value.	Tons.	Value.
Total imports.....	59,789	\$2,567,670	57,206	\$2,482,968
Canada's share.....	55,563	2,101,086	53,114	1,969,102

The higher average is no doubt due to the importation of a certain quantity of high-grade European paper for a special purpose.

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APPENDIX 7.

[From The Montreal Star.]

"FREE PAPER" COMING OVER.

It is reported from Washington that the Democrats propose to cut the Gordian Knot of the free pulp tangle by simply putting wood pulp and print paper from all countries on the "free list." That would reach at a bound what the newspapers of the United States supported reciprocity to get. They would not have to wait until the Canadian Provinces had been "lobbied" into removing their restrictions on the export of logs—a tedious and possibly interminable process—but would get cheap paper at the drop of the hat.

It is thought possible that the Republican Senate will permit this bill to pass, in view of the fact that it has already agreed to the bulk of the practical effect of such a measure. Whether President Taft will then give it his signature, only the gods know. But, if he refuses, it seems likely that the next Democratic President will follow the lead of his party. When that comes about those of us who have contended that all that Canada need do, is to "stand pat," to get a monopoly of the paper-making trade of the Continent, will be justified by events. The American market will then be wide open to our paper as well as our pulp; but we will still have our restrictions in force on the export of unmanufactured raw material. We will not have yielded an inch, an we will have got all that reciprocity promised us along this line.

This is a game in which Canada holds all the cards; and it was supreme folly to suggest that we should throw them on the table and surrender the stakes. We have a monopoly of the pulp wood of the Continent. We have matchless water powers. There is no reason in the world why paper making should not be an almost exclusive Canadian industry, enriching our people, giving employment to thousands of young Canadians, establishing towns in the forest to consume Canadian produce and manufactures, and enabling us to coin our forests into gold. Nothing but a courageous policy is needed to secure this result. "What we have we'll hold," will do it. The Americans are bound to have our pulp wood in some form; and it is merely a question whether they will get it as logs, as pulp, or as paper. It will pay us best to let them have it as paper.

APPENDIX 8.

[From the Toronto News.]

DOMINION WILL BECOME CENTER OF THE PAPER INDUSTRY—BOOM IN THE BUSINESS SINCE DEATH OF RECIPROCITY.

The defeat of reciprocity meant more to the paper-manufacturing industry in Canada than perhaps to any other. With scarcely an exception the Liberal and Conservative owners of paper mills united in the common cause of blocking the trade agreement that indirectly sought to discourage the manufacture of pulp products in the Dominion. Although the victory is but a few days old, the promises of good results are already being fulfilled. It was stated during the reciprocity campaign that the paper mills were holding back nearly all extensions until the fate of the measure was known. That this was emphatically true is shown by the sudden activity in every paper-making center of Ontario and Quebec, whereby the manufacturer, the workmen, and the country benefit to many millions of dollars.

WAIT FOR DEATH OF RECIPROCITY.

The Interlake Tissue Mills, at Merriton, Ontario, which was incorporated some months ago, construction of the plant being delayed until reciprocity was decided, will proceed at once to erect the first tissue manufactory in Canada. The St. Lawrence Paper Mills at Mille Roches are adding two machines and putting up new buildings. The president of both the above companies, Mr. I. H. Weldon, made a statement to the News that he was proceeding as a direct result of the settled trade policy.

PARAGRAPH 409—NEWS PRINT PAPER.**SCORES OF NEW MILLS.**

"There are dozens of paper mills throughout Canada," said he, "which looked upon the passage of the reciprocity agreement as a menace to the future of the industry in Canada. What would have happened had reciprocity passed is not pleasant to think upon. But in the uncertain period, with the question before the electorate all plans for extensions of plant, etc., were postponed. The victory against the pact has given a splendid impetus to paper making, and within a very few years you will see scores of new mills coming over the Canadian border to get within reach of our pulp supplies."

EXTENSIONS AT CORNWALL.

The Toronto Paper Manufacturing Co., of Cornwall, have started the erection of a new light and power plant to increase the efficiency of their large factory, but gave the order for operations only since the pact was beaten.

Messrs. Ritchie and Ramsay, of North Toronto, are entering into contracts for large additions to meet the increased demands upon their paper output. They would not do so, however, until reciprocity was off the horizon.

APPENDIX 9.

THE JEFFERSON COUNTY NATIONAL BANK,
Watertown, N. Y., January 16, 1913.

Hon. ELON R. BROWN,
Hotel Willard, Washington, D. C.

DEAR SIR: As one who is interested and more or less active in both the banking and the paper business in this section, I want to indorse the sentiment, as I have heard it expressed here, that it seems very unjust that our Government should have placed the paper industry in the precarious condition that it is now, by removing the duty on print paper, and then, on the other hand, urging strongly through the representative of the comptroller, that the local banking institutions shall insist that the paper manufacturers materially reduce their loans. It seems like harsh treatment. The paper industry is certainly entitled to better treatment, and if our Government will accord it, it will be very much easier for the paper manufacturers to pay their debts. and I am sure that the local banks will be much more successful in getting their loans reduced if something can be done that will shield the paper industry from the present destructive competition from Canada.

Very truly, yours,

R. J. BUCK,
President.

**TESTIMONY OF JOHN NORRIS, CHAIRMAN OF COMMITTEE ON
 PAPER, AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION.**

The witness was duly sworn by the chairman.

Mr. NORRIS. In preparing my brief on pulp and paper I had occasion to compile a number of tables, giving the comparisons by years on imports and exports on paper and pulps, and I have arranged that in tables, first, according to quantities, next, according to values, next, according to duties, and next according to prices per pound, wherever obtainable from the records of the Bureau of Statistics. While I assume that they are not quite as full as those prepared by your experts, I submit them for what they are worth. I may incidentally say that I found a few slight variations in the reports of the Bureau of Statistics, probably due to corrections in the reports, and I note one of those has crept in here, but the item is negligible and does not affect the proposition. There is one that may interest you especially. That is Table 12, giving the census report of production of various lines of industry of the paper industries for the year 1909 and the

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value of importations for the year 1912, and the percentage of the value of importations to the production, and that shows slightly over 2 per cent of the production equals the total of importations.

Mr. HARRISON. Including what came from Canada?

Mr. NORRIS. Yes; including what came from Canada.

Mr. HARRISON. Under section 2?

Mr. NORRIS. The amount which came from Canada was quite inconsiderable, because the paper makers exported so much news print paper that the whole operation for the entire year, for the fiscal year, is almost negligible. For the calendar year it has been 25,000 tons out of a possible consumption of 1,300,000 tons, not quite 2 per cent, of the news print of the United States came from Canada if you allow for the exportations by the American news print paper manufacturers of their product abroad, at lower prices than they sell here in the United States, in order that they might starve the market and might offset these importations of the Canadian paper makers.

Mr. FORDNEY. Have you any proof of their selling abroad at a price less than for which they sold here?

Mr. NORRIS. I have not full proof of it; I have a resolution of the British Association alleging that the American news print paper makers have for 15 years been dumping on the English market—

Mr. FORDNEY (interposing). I would like you to furnish to this committee some positive proof—this resolution by some Englishman is not enough to satisfy me.

Mr. NORRIS. I have it here; it is in my brief.

Mr. FORDNEY. What proof is that? Do you furnish any affidavits along with it or anything of that kind?

Mr. NORRIS. You will also find it in the report of the consul at Sheffield of 1908; you also have a report I furnished to the Senate Finance Committee in May, 1911, when that was under discussion, showing that the International Paper Co. has for years been selling paper cheaper over there than it sells here, and that the Englishmen could not compete with them.

Mr. FORDNEY. For a long time I have heard of sales of American products abroad cheaper than at home, and I know, with very few exceptions, of no case in which there is any proof of that fact.

Mr. NORRIS. Here is a case in Sheffield.

Mr. FORDNEY. What is that you have—an affidavit or statement?

Mr. NORRIS. A statement. I am not going to ask a manufacturer in Sheffield to furnish me an affidavit. His statement is good enough for me and is good enough for me to repeat to you.

Mr. FORDNEY. Yes; but it is not enough for me.

Mr. NORRIS. You are too incredulous to accept anything that comes from me.

Mr. FORDNEY. Are you a protectionist?

Mr. NORRIS. I am a tariff-for-revenue man.

Mr. FORDNEY. What is the difference between that and free trade?

Mr. NORRIS. It is an academic question.

Mr. FORDNEY. No; it is not.

Mr. NORRIS. The American Newspaper Publishers Association, representing consumers who pay \$55,000,000 per annum for news print paper asks Congress to insure the procurement of an adequate

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and permanent supply of cheap paper by broadening the paper market to the utmost, which means to abolish all duties and restrictions upon the importation of the cheaper grades of paper and upon the wood pulps which enter into the manufacture of such papers.

In presenting the request of the American Newspaper Publishers Association for action upon Schedule M, I shall take up various phases of the proposition:

The results of the application of section 2 of the reciprocity law upon the paper industry of the country during the past year.

The Tariff Board's report.

The claim of the paper makers upon Congress for the privilege of taxing consumers.

The efforts of paper makers by combinations and starving the market to restrict the production and advance the price to paper consumers.

A recital of the retaliatory measures used by the United States to urge Canada to furnish the products of its forests to American paper makers.

The imports and exports of paper and pulp.

The favored-nation complication.

Two years ago the paper makers opposed the reciprocity law. They told the Ways and Means Committee the industry would be ruined. In the year 1912, following the passage of that law, the paper industry had its banner year. It never sold so much paper. I understand from its trade journals that its results were the best ever known to the history of the trade. The imports of paper and manufactures of paper diminished as compared with the previous year under the Payne law, which shows there was no flooding of foreign paper, and the exports increased. In fact, the exports for 1912 exceeded those of any previous year.

The exports of the paper trade in 1912 exceeded the imports of 1912 by more than \$2,000,000, as had been the case in previous years.

Mr. FORDNEY. How much of it was print paper?

Mr. NORRIS. In 1912, I have here in Table 16, a statement for six years of the total imports and the total exports of print paper. In 1907 there were 10,000 tons imported and 60,000 tons exported. In 1912 there were 59,275 tons imported and 63,893 tons exported; more exported than imported.

That was because of the denudation of our forests, and because of the inability to get sufficient to keep up with the extraordinary consumption of the country.

Mr. FORDNEY. In the table of exports, which you gave there, of exports I ask you what proportion of it is print paper?

Mr. NORRIS. Print paper of all kinds, \$2,490,000 imports, and of books, engravings, paper, and manufactures of paper, there were imports of \$17,375,000, of which \$6,000,000 was all paper—not including books, and manufactures of.

Mr. FORDNEY. I asked you about the exports and imports.

Mr. NORRIS. The exports of paper, the total, was \$19,458,050, and the imports \$17,375,909.

Mr. FORDNEY. What portion of the \$19,000,000 was print paper?

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Mr. NORRIS. Print paper was \$3,750,859, of which \$1,249,330 appears to have been other than news; \$2,501,529 was news and \$1,249,330 other than news.

Mr. FORDNEY. The total exports were \$19,458,050. What, in round numbers, was the print paper?

Mr. NORRIS. Two and one-half million. Do you want the imports?

Mr. FORDNEY. Of print paper?

Mr. NORRIS. Print paper—news—which is two and a half million, as figured by the Bureau of Statistics, \$2,158,000 as against two and one-half million exported.

In my brief I have brought with me the claims of these paper makers. Mr. Hastings has said something to you about ruining his business; but he did not state that he has rejuvenated his own mill by the use of machinery made in Germany.

I have the data in regard to the banner year; I have tables and circulars of paper houses, showing advance in prices; I have the data showing where the International Paper Co., at the hearing in 1908, furnished to this committee false tables of wages. I also have the data showing the fact that in the reports that were furnished to the committee as to the cost of wood to the International Paper Co., that the International Paper Co. juggled and falsified the figures; that the reason why the American mills are not as productive as Canadian mills is because the American mills are not equipped with modern machinery.

Mr. FORDNEY. The Tariff Board showed there was quite a difference in the cost of production between Canada and the United States in favor of the Canadians—

Mr. NORRIS (interposing). It showed a lot of antiquated mills fit only for the scrap heap.

Mr. FORDNEY (continuing). On account of the value of the wood, did it not?

Mr. NORRIS. It did not. It showed that there was one American mill that made paper at \$24.50 f. o. b. mill, while the best the Canadian mills could do was to make a price of \$24.97 per ton f. o. b. mill.

Mr. FORDNEY. Was it not due to the difference in the value of wood—\$4 a cord?

Mr. NORRIS. Four and one-half. It showed that the advantages possessed by the American paper mills in skilled labor and home market and cheaper coal and other things, offset all of the advantages which the Canadian mills had in the way of wood.

Mr. FORDNEY. I read that whole report and did not so understand it.

Mr. NORRIS. I say that there was one mill which made it at \$24.50, and there were five other mills making more paper than all the Canadian product, and the American price at that mill f. o. b. mill was less than the price of the Canadian mill.

Mr. FORDNEY. I believe that 27 mills were reported on by the Tariff Board as having been investigated in this country, am I right?

Mr. NORRIS. Thirty-eight, and seven Canadian mills.

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There are some American mills that will average 11 tons per machine per day, whereas the latest machine will produce 55 tons per day.

In 12 years the width of paper has increased from 90 and 100 inches to 184 inches, and now to 202 inches.

Mr. **FORDNEY**. Is not this true, that the Tariff Board reported that the duty then being collected just represented the difference in cost between this country and Canada?

Mr. **NORRIS**. It did not. They said that the average cost of all the mills in the United States was \$5.35 more than the average cost of all the mills in Canada, and then it proceeded to point out the difference in efficiency and more modern character of the Canadian mills; in other words, you would have the consumer pay a premium upon the antiquity of those mills in the United States which were carried along by the International Paper Co., because, as Mr. Lyman said when he appeared before this committee four years ago, they were verging on bankruptcy.

Mr. **FORDNEY**. Your raw material, which is print paper, I would have on the protected list with a fair measure of protection as any other industry to which it is entitled, and not give you free trade and everybody else protection. That is what I want.

The **CHAIRMAN**. It was charged here four years ago there was some combination or understanding between the producers of pulp and the producers of paper to fix prices. Is there any such proposition as that existing to-day?

Mr. **NORRIS**. I do not understand the connection of the pulp to that.

The **CHAIRMAN**. What is that?

Mr. **NORRIS**. I do not understand the connection of pulp to that.

The **CHAIRMAN**. I understand that it was charged here when the matter was before the committee before that there was a combination between the newspaper producers, producers of that class of paper, to fix prices. Is there any such charge here?

Mr. **NORRIS**. There has been for years agreed prices. A report upon that subject was printed by the Mann committee. I can not buy a ton of paper from the paper mills at a price which is at all within reason. Every time I want to buy paper I would have to disclose the purpose for which it was to be printed, and the name of the buyer, in order that I might not interfere with any other paper company and its business.

After the passage of the Payne law there was maintained a substantial price of \$45 per ton, and it has only been within the last six months or so that there has been any kind of a shifting on that, due largely to the fact that the Canadian supply has come in.

Now, that suggests another phase of this, as to the proportion of the paper and pulps used that are free, and on that there is a table here which shows the percentages for the last fiscal year. News print paper, free, was only 56 per cent of the total which came in, 44 per cent being dutiable, and the reason for it being that the market was starved. We had to pay these excessive duties and penalties in order to get enough to keep the newspapers going, and we have been penalized to the extent of \$279,000 a year in the payment of counter-

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vailing duties and in the payment of excessive prices because of the fact that they could not be brought in free. Of the mechanical pulp 81 per cent has been free. That was made free under the Payne law, when made from free wood, and 19 per cent of the mechanical pulp can be brought in. We paid duty on 40,000 tons of mechanical pulp because we could not get enough otherwise. We have paid altogether, and bought abroad, \$20,000,000 worth of pulps and wood in order that the raw materials which were absolutely necessary for the salvation of the paper industry might be obtained. That is table No. 14.

Mr. FORDNEY. Mr. Norris, it was stated before this committee at the time of the hearings on the Payne tariff bill—and I think by you, I may be mistaken about that—that the price of print paper had gone up as high as \$52 a ton, but you say that it is down to \$45 since the adoption of that bill.

Mr. NORRIS. In 1907, in September, 1907, as a result of the fact that 16 Wisconsin mills went into Quebec and bought 50,000 cords of wood, a panic was produced in Quebec and paper makers scrambled to get an adequate supply; and the difficulty is that it takes from one year to one year and a half to turn around in the pulp wood trade. It created a panic which resulted in a raise of \$12 a ton in the price of news print paper. Gen. Agnus came before that committee and said he was using 5,000 tons, that they had raised the price \$12 a ton, \$60,000 a year, every cent of profit he had made. The Philadelphia Inquirer was given notice in September, 1907, that it must close its contract for 13,000 tons in 20 days, or it could not get a supply, and it was saddled with an expense of \$156,000. The Mann committee looked into that and in its report said that as a result of these conditions the price of paper to publishers was increased at the rate of \$10,000,000 per annum.

Mr. FORDNEY. Did you not state, Mr. Norris, before this committee in 1908, that the paper manufacturers of the United States had for a long time, or a considerable length of time, gone to Canada and purchased all the surplus paper from the paper mills in Canada, and controlled——

Mr. NORRIS (interposing). I do not recall the fact of their having gone to Canada, but I know that all of their product there was bought up so as to produce an artificial scarcity.

Mr. FORDNEY. The statement was that the American manufacturers had gone over there and purchased the surplus paper and compelled you newspaper men in this country to pay as high as \$52.

Mr. NORRIS. The price in 1907 and 1908 was \$50 a ton.

Mr. FORDNEY. Now you say that since the adoption of the Payne bill it has gone to \$45 a ton and recently lower than that.

Mr. NORRIS. It dropped, between 1909 and 1911, to \$2.12 per 100 pounds. But I also told at that hearing of the time when the Belgo-Canadian Co., at Shawanigan Falls, contracted with Mr. Cook, of Neenah, Wis., for 10,000 tons with which to supply the New York market, and he was notified that if he dared to send 1 ton of that paper into the United States he would be driven entirely out of business, and he did not dare to send it in. He was finally compelled to sell it to Lloyds, in London.

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Mr. FORDNEY. But the fact is that since the adoption of the Payne tariff bill the price of print paper has gone down. It is cheaper to-day than in 1908, is it not?

Mr. NORRIS. It is within $1\frac{1}{4}$ per cent of what it was when the Payne tariff passed in 1909.

Mr. FORDNEY. It is lower than in 1909, is not that right?

Mr. NORRIS. It is now selling at \$2.10, and at that time, that is, in August, 1909, it was selling at \$2.12 $\frac{1}{2}$. But the drop occurred in April, 1908, as a result of the inquiry which was then being instituted through the Mann committee to ascertain the causes for this combination or for this extraordinary disturbance of price.

Mr. FORDNEY. You stated before this committee at that time that you had contracted for a certain amount of paper—I think for \$32—sometime prior to that time, and at that time, 1908, were unable to renew your contracts for less than about \$52; is not that right?

Mr. NORRIS. No; the time that I was talking about, the time of the price of \$32 per ton, was in 1897, 15 years ago.

Mr. FORDNEY. You were talking about 1908, were you not?

Mr. NORRIS. And it preceded the incorporation of the International Paper Co. It was in the year 1897 that I bought 40,000 tons at \$33 gross; that is, \$1.65 per 100 pounds, which would be \$31 net, and I also bought 3,000 tons at \$1.60, or \$32 a ton gross, or \$30 net, and I said that the increase from that time, from the date of the incorporation of the International Paper Co., was very marked.

Mr. FORDNEY. Were you not here in 1908, in November, asking for relief from the very conditions which I have mentioned, and which you said were then existing; is not that right?

Mr. NORRIS. I do not know.

Mr. FORDNEY. You were not asking in 1908 for relief from conditions that existed 15 years before that time, were you?

Mr. NORRIS. I was telling the story of the International Paper Co., and of these combinations of the mills.

Mr. FORDNEY. And of the conditions existing at the time you were here?

Mr. NORRIS. Oh, I do not know.

Mr. FORDNEY. Well, I do.

Mr. NORRIS. I think you are mistaken.

Mr. LONGWORTH. Are your figures based on a long or short ton?

Mr. NORRIS. A short ton.

Mr. KITCHIN. What percentage of the American production of print paper does the International Paper Co. make?

Mr. NORRIS. The total supply to-day will run—the total production to-day will run about 4,300 or 4,400 tons, and it now makes about 1,500 tons, about one-third now. When it was incorporated it made 80 per cent of what was then marketed; at least, it was so claimed by it.

Mr. KITCHIN. The gentlemen who preceded you, in speaking of the amount of capital invested in these print paper manufacturing concerns, included, of course, hundreds of thousands of acres of land which the International Paper Co. purchased?

Mr. NORRIS. The International Paper Co. has acquired about 6,000 square miles, nearly 4,000,000 acres. It has acquired three

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times the woodlands necessary for an indefinite reproduction of its present supply. It has, like the drunken sailor, instead of increasing its machines for getting the market price down, as it was bound to do, it being a beneficiary of a tariff privilege, simply squandered that money in investments in lands for speculative purposes and with the idea that by the appreciation of those lands it would make money. But we have been made to suffer.

Mr. KITCHIN. A great part of the capital of which they speak is invested in these lands?

Mr. NORRIS. I do not know how much, but certainly enough to have expanded its paper production.

Mr. KITCHIN. Since the International Paper Co. has bought these millions of acres of wood-pulp lands the price of—

Mr. NORRIS (interposing). The timber rights in Canada and the fee in the United States.

Mr. KITCHIN (continuing). Of cordwood, of course, has gone up?

Mr. NORRIS. There has been a very considerable speculation in it. In the prices here on pulp woods I have shown what were the prices per cord on pulp wood. In 1907, \$4.36; 1908, \$5.45; 1909, \$5.96; 1910, \$6.39; 1911, \$6.41; and 1912, \$6.49. But since then, as a result of the application of section 2, there has been an abnormal inflation of prices of freehold wood in Canada, by reason of the fact that only paper and pulp made from freehold wood could come into the United States free of duty, but that the paper made from restricted wood had to pay \$5.75, and there was a demand on the part of every paper maker there, to the extent of his contracts, to buy freehold wood and to evade that duty. So at that time, as the paper makers tell me, the prices of pulp wood, or at least within the last year, have increased \$2 a cord or \$2.80 per ton of paper, there being $1\frac{4}{5}$ cords of wood in a ton of paper. And if this program is carried out, whereby the products of the Canadian mills upon which the restriction has been removed, are barred and they are forced to buy freehold wood in order to meet their contracts for 1913, we will have a worse condition than in 1907 and 1908, or a repetition of the panic of those years, when they added \$12 a ton to our price. You will have a riot of newspaper publishers who will not be able to stand any such tax as that upon their paper.

Mr. LONGWORTH. Do you believe it is possible to produce news print paper from any other material except these soft woods?

Mr. NORRIS. None except spruce wood. Within the last 24 hours I have received a request from the Wausau laboratory, which is a Government experimental laboratory, where they are trying jack pine, hemlock, and all of the various kinds of wood, to go out there next week and see what conditions can be made that will be at least acceptable to the publishers, and I am informed that all of these experiments disclose a color in the paper which none of the publishers ordinarily would accept. None of the other woods approach spruce, the reason being that there are resinous matters in the fibers of the other woods which are not contained in the spruce. That, therefore, makes the spruce available for cheap news print paper purposes and none of the others. The others might be used for chemical pulps. I think that the New York and Pennsylvania company is using jack

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pine, and I know that many of the sulphite mills are using hemlock; but from the spruce only can they get mechanical pulp or ground wood, which constitutes four-fifths of the material in a ton of news print paper.

Mr. HAMMOND. Why can you not make paper out of broken straw?

Mr. NORRIS. Because from a cord of spruce wood you can obtain substantially a ton of ground wood, whereas from 6 tons of corn or straw you obtain a ton of fiber, and it must be reduced by a chemical process, whereas spruce is merely placed sideways against a grindstone approximately 2 feet wide, and that grindstone wears off these little fibers which make the ground wood and which constitute a great part of the paper.

Mr. HAMMOND. The breaking up of wheat, oat, and flax straw by pressure would not in any way injure it, would it?

Mr. NORRIS. Not at all; but after you had done that you would have to treat it chemically. And with this process the costs have been brought down to \$7, \$8, and \$9 a ton for the mechanical pulp, whereas it costs \$25 a ton with a process where you have to treat it with chemicals, in order to get rid of the intercellular matters. So you have only the pulp itself, the fiber itself available.

Mr. HAMMOND. Is that applicable to all kinds of grain straw?

Mr. NORRIS. There is a reward of millions of dollars awaiting the first man who will be able to provide a commercial substitute for spruce pulp.

Mr. KITCHIN. Does it take the same kind of wood to make wrapping paper as it does to make print paper?

Mr. NORRIS. No; my impression is that most of the wrapping paper is now gotten from chemical pulps. The sulphite pulp is made by an entirely different process from the mechanical pulp. The mechanical pulp is simply where you take logs that have had no full labor upon them; they have been thrown into the streams and taken to the mills and cut into 2-foot logs without anybody touching them. Then they are put in against this grindstone and the product is ground wood. Whereas with the sulphite pulp it must be put into a vertical retort, about 25 feet high, lined with brick, and then sulphureous acid is poured over it, and a pressure of steam is applied, and that ground wood is cooked, taking from five to eight hours.

In that process the sulphureous acid eats in between and within the fibers and makes a black liquid, which is poured off, what they call blown off, and there is left there a beautiful long silken fiber that when washed, gives character and strength to news print paper or to the cheaper papers. One-fourth or one-fifth of that is usually put in with a quantity of the ground wood, and sometimes some clay; it is then passed through the paper machines and made into 100 pounds of paper. In the United States they take 110 pounds of material to make 100 pounds of paper; in Canada 107 pounds of material to 100 pounds of paper; in Germany and England 103 pounds of raw material to 100 pounds of paper. We must pay the difference of 7 per cent because of the primitive methods of the American paper makers and because of the inferior character and the antiquity of their paper machines.

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Mr. KITCHIN. Do you not think the tariff has something to do with the antiquity of their machines? That these people are looking to the law to make their profits instead of to their own ability and industry?

Mr. NORRIS. Of course, they have been coddled and enervated by reason of this tariff. In Germany, for instance, for all chemical pulps, they fill their mills with graduates of technical schools.

Mr. KITCHIN. Do you think that if we put this on the free list they would have to get clear of their old scrap machines and get modern machines?

Mr. NORRIS. Yes; just as Mr. Hastings has done this year. He imported from Germany Voight's magazine grinder. And they would get to work and show that American brains and American energy, when required, can match the world.

Mr. KITCHIN. Did not the Tariff Board show that some of our mills that were modern and had up-to-date equipment, although they paid more for their cordwood, actually turned out a cheaper product?

Mr. NORRIS. Yes, sir. Even including Canadian advantage on wood, there were six mills in the United States where the product was found to be—that is, the average cost f. o. b. at the mill—\$25 a ton as against \$27 a ton, the average cost at the Canadian mills, and these six American mills turned out 215,000 tons as against 207,000, which was the entire product of all the Canadian mills at that time.

Mr. FORDNEY. Your statement is that the machinery used in the American paper mills is wholly obsolete and really old scrap?

Mr. NORRIS. Of 172 machines in the United States making news print paper only 46 of them are modern. The International Paper Co. bought 101 machines and only 51 of them were then fit to make anything, and with the 101 machines they were averaging, according to their own statement, only 1,200 tons a day, or an average of 11 tons a machine, or only 40 per cent of the standard capacity and only 20 per cent of the present capacity.

Mr. FORDNEY. If a manufacturer of print paper would say that his machinery was up to date, what would you say?

Mr. NORRIS. It would depend a great deal on the location.

Mr. FORDNEY. The location would not change the character of the machinery, would it?

Mr. NORRIS. It would have a great deal to do with it.

Mr. FORDNEY. Do you mean to say that if a machine were being used in the city of New York and should be changed to Buffalo, there would be a difference? There would not be a change in the machine but only in its location; is not that so?

Mr. NORRIS. The conditions under which they can make paper are entirely changed, not as to the number of feet per minute the machine could run, of course, but if you go to Buffalo you will get wood possibly from Ontario or shipped up from Quebec, and if you go up to Woodland, Me., you have it at your door.

Mr. FORDNEY. Then, by changing the machine, no matter where it was made, from the State of Maine to the State of Massachusetts, the machine is changed altogether?

Mr. NORRIS. No; but it will increase the cost of the production. You could not change the machine into some States and operate as cheaply as you could with the virgin forests at your doorsteps.

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Mr. FORDNEY. Is it not true that it is not the machine at all but it is the wood?

Mr. NORRIS. While that is not entirely true this will be true, that in the delivery to the consumer there is a material difference.

Mr. FORDNEY. That it has nothing to do with the machine but it is the cost of the wood; is not that right?

Mr. NORRIS. Of course not.

Mr. FORDNEY. Do you mean that of course it is the machine and not the wood?

Mr. NORRIS. It is everything entering into——

Mr. FORDNEY (interposing). The machine has nothing to do with it, has it?

Mr. NORRIS. Of course it has. You can not operate successfully with a machine that is only turning out 12 tons when there are machines that will turn out 50 tons.

Mr. FORDNEY. Can you not do as much work in the State of Maine as you could in the State of New York?

Mr. NORRIS. But it will require almost the same crew on the 11-ton as on the 50-ton machine, and the result is that the labor cost per ton on the inadequate machine will be substantially four times as great as on a modern machine. There is where the cost comes in.

Mr. LONGWORTH. Mr. Fordney's question was hardly fair; because he asked you whether you could not do as much work in a prohibition State as you could in another State.

The CHAIRMAN. That is all, Mr. Norris.

BRIEF RELATING TO PULPS AND PAPER, BY JOHN NORRIS, CHAIRMAN OF COMMITTEE ON PAPER, AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

The American Newspaper Publishers' Association, representing consumers who pay \$55,000,000 per annum for news print paper, asks Congress to insure the procurement of a permanent and adequate supply of cheap paper by broadening the paper market to the utmost, which means to abolish all duties and restrictions upon the importation of the cheaper grades of paper, and upon the wood pulps which enter into the manufacture of such papers.

In presenting the request of the American Newspaper Publishers' Association for action on Schedule M I shall take up various phases of the proposition.

The results of the application of section 2 of the reciprocity law upon the paper industry of the country during the past year.

The Tariff Board's report.

The claim of the paper makers upon Congress for the privilege of taxing consumers.

The efforts of paper makers by combinations and by starving the market to restrict production and advance prices to paper consumers.

A recital of the retaliatory measures used by the United States to coerce Canada to supply the products of its forests to American paper makers.

The imports and exports of paper and pulps.

The favored-nation complication.

PREDICTIONS OF RUIN THAT FAILED TO WORK OUT.

Two years ago the paper makers opposed the reciprocity law. They told the Ways and Means Committee the industry would be ruined. Nevertheless, in the year 1912, following the passage of that law, the paper industry has had its banner year. It never sold so much paper. I understand from its trade journals that its results were the best ever known in the history of the trade. The imports of paper and manufactures of paper diminished as compared with the previous year, under the Payne law, which shows there was no flooding of foreign paper, and the exports increased. In fact, the exports for 1912 exceeded those of any previous year.

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EXPORTS EXCEEDING IMPORTS.

The exports of the paper trade in 1912 exceeded the imports of 1912 by more than \$2,000,000, as had been the case in previous years. The exports of paper and manufactures of paper from the United States to Canada exceeded the imports of paper and manufactures of paper into the United States. The shipments from Canada to the United States of paper other than news print paper are negligible. The printing paper exported by the paper makers to countries in 1912 exceeded the print paper imports by 4,623 tons. The supply of news print paper from Canada for 11 months of the calendar year 1912 was only 25,000 tons in excess of the export of news print paper from the United States. We use 1,300,000 tons of news print paper per annum, so that the net supply which Canada furnished to the United States was less than 2 per cent of our news print consumption. Production and consumption increased. Prices in substantially all groups of paper except paper bags and news print paper have been advanced by concerted action. Every prediction which the paper makers made of ruin, wreck, desolation, confiscation, has failed. When Congress reduced the tariff on news print paper by the Payne law from \$6 to \$3.75 per ton, the paper makers raised the price of paper from \$42.50 to \$45 per ton, an increase of \$2.50 per ton. When paper from free wood was admitted from Canada free of duty the paper makers maintained the price at \$45 per ton for a considerable time, substantially a year. They are now selling news print paper at \$42 per ton, or within $1\frac{1}{4}$ per cent of the price which they charged prior to the passage of the Payne law, when the tariff was \$6 per ton. Some of the men who appeared before you to prove that ruin stared them in the face have rejuvenated and expanded their plants. I submit as Exhibits A and B copies of the petitions which the American Paper and Pulp Association sent out under date of April 8, 1911, to paper trade interests everywhere, urging them to ask Congressmen to defeat any reduction of paper duties. The first reason advanced was, "It will destroy the paper industry in the United States." I also submit a letter sent out widely by the president of the International Paper Co., dated March 22, 1911 (Exhibit C), pointing out that the reduction in the paper duty "can not but be a serious and destructive blow to the paper industry of the United States." Since that law was passed five new paper machines have been installed or have been ordered for American mills. Notwithstanding this, it is true by reason of the more profitable use of water power for electrical and other industrial purposes, and because of the stripping of the tributary woodlands and the uncertainty about the procurement of wood supply from Canada, the attractions for paper enterprises in the United States have diminished, but a tariff will not restore the timber or make the water power more attractive for grinding wood.

EVIDENCES OF A BANNER YEAR IN 1912.

I submit Exhibit G showing by trade publications that the year 1912 exceeded every previous year in the history of the paper trade and that the year 1913 promised to exceed 1912.

ADVANCES IN PRICES.

I also submit circulars (Exhibits H and I) of paper houses announcing withdrawal of prices and increase of 10 per cent, and changes in trade customs.

The president of the International Brotherhood of Paper Makers told you "that the passage of section 2 meant the confiscation of property in several towns throughout the United States," but those properties seem to be more valuable to-day than they were before the passage of section 2.

Mr. A. C. Hastings, president of the American Paper and Pulp Association, told Congress in Exhibit E, that "the proposed change in paper rates was going to ruin the paper industry of this country just as surely as you gentlemen sit here," and within six months of the passage of that law his company invested a large sum in a complete renovation, by importing its new paper machines from Germany. I have cited enough to show you the false prophecies of the paper makers. May I now point out to you the deceptions and deliberately misleading statements which they furnished to your committee in November, 1908, with respect to wages paid to labor?

FALSE TABLES OF WAGES.

In tables printed on page 8260 of the tariff hearings for 1908 I pointed out that the International Paper Co. had undertaken to give the hourly rates of wages paid by it and by six Canadian concerns. Out of 148 rates of wages so furnished by it, 136 were false

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and in excess of the amounts actually paid by it, whereas it understated the Canadian rates at that time. It said it paid 50 cents per hour to machine tenders, whereas of the 118 machines operated by it, it did not pay 50 cents for the tender on any of them. It paid 48 cents per hour to 6 of them; it paid 45 cents per hour to 24 of them; it paid 42 cents per hour to 33 of them; it paid 39 cents per hour to 16 of them; it paid 36 cents per hour to 4 of them; it paid 33 cents per hour to 1 of them; and that same scale of inaccuracies applied to the other positions which it gave in that table.

TARIFF BOARD REPORT.

The final report of the Tariff Board will be cited to your committee by the paper makers to support their claim that the cost of producing news print paper in Canada is \$5.35 per ton cheaper than in the United States. The report does not say or show anything of the kind. The paper makers fail to tell you that while three-fourths of the machines operating in American mills are fit only for the scrap heap, nearly all the Canadian mills are equipped with modern machines made in American machine shops and manned by American paper makers. They fail to point out to you that the waste of material in the American mills is 10 per cent, whereas it is 7 per cent in Canadian mills and only 3 per cent in German and English mills. They fail to tell you that the costs of production of the largest paper company in the United States were juggled and falsified to you, as can be ascertained if you compare its claims to you and to the Tariff Board respecting the cost of wood, with the statements made by its accountants to the United States Senate in June, 1909.

FALSE REPORTS OF COST OF WOOD.

To you the company reported the cost of wood at a figure which was approximately \$3 per cord in excess of the costs shown by statements appearing in the Congressional Record of 1909, page 3554, wherein Mr. Lyman submitted reports of accountants showing that the International Paper Co. wood had cost an average of \$4.95 per cord, though costs appeared on the Paper Co. books at about \$8 per cord. The Tariff Board did not pretend to pursue these purchases or to ascertain what profits were concealed in those items of wood cost. The report of the Tariff Board covered approximately 80 per cent of the news print paper production of the two countries. It dealt with no other kinds of paper. While its report filled 128 printed pages and included 87 tables, it did not undertake to pass upon the cost of producing a ton of news print paper because it had not determined or ascertained in concrete form the cost of production in a modern United States mill under normal conditions, as compared with the cost in a Canadian mill under similar conditions. Such figures should be controlling. The board also ignored the extra cost of transportation from Canadian mills to American consumers, which cost averages \$1 per ton. Consumers will argue that the figure of the lowest cost United States mill, when compared with the lowest cost Canadian mill, should be accepted as a demonstration of the superiority of the United States mills, and of their cheaper cost of production, and that no protection is needed by them, the best United States mill showing a cost of \$24.50 per ton, the best Canadian mill showing a cost of \$24.97 per ton—an advantage of 47 cents per ton in favor of the United States mill.

The manufacturers are prepared to argue that the averages of all the mills in the two countries should be taken for comparison, and that these averages show a lower cost of \$5.35 per ton in Canadian mills. Averages of cost, like percentages, are frequently deceptive.

CANADIAN MILLS MORE MODERN.

The Tariff Board supplemented its average cost figures with important data upon the age and efficiency of the machinery used in the mills of the two countries, all of which would tend to show that the more modern equipment of the Canadian mills would justify the apparent difference in average cost and would support the contention that the lowest cost mill in each country should establish the standard and that the Government should not put a premium upon antiquity in machinery. All of the Canadian mills were equipped with paper-making machines of American manufacture. The Canadian machines had an average age of seven years. The American machines averaged twelve and seven-tenths years. The Canadian machines were wider. They ran faster.

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DIFFERENCE OF ONLY 8 CENTS PER TON OF PAPER IN LABOR COST.

The Tariff Board effectually punctured the labor protection fallacy. The average cost of labor in all the Canadian mills was only 8 cents per ton less than that in all the American mills, yet Congress had retained a duty of \$3.75 per ton upon news print matter, professedly in the interest of labor. Users of news print paper in the United States paying \$55,000,000 a year had been taxed over \$4,000,000 a year because of an apparent difference of \$96,000 in the cost of labor.

The study of hours of labor by the Tariff Board showed that in the Lake States none of the employees worked three shifts to the day, or eight hours each. All of them worked on the 12-hour basis, whereas in Canada, the two-shift workers and the three-shift workers were reported in about equal numbers. The three-shift system was well established in Eastern States. The United States mills had an average advantage of \$1.40 per ton of paper in coal, finishing materials, administration expense, and miscellaneous operating expense. The cost of repair labor and of lubricants was the same in mills of both countries. The less cost felts, wires, screens, belting, manufacturing labor, and water power aggregated only 51 cents per ton. The cost of converting wood into paper in modern mills was less in the United States than in Canada. There was a conceded advantage for substantially all the United States mills, old and new, outside of the item of wood.

The serious problem was and is concentrated on pulp wood, though the modern mills of the United States were making paper cheaper than the Canadian mills, and had overcome the difference in the cost of wood, by reason of the greater advantages of paper making in the United States, which are: The supply of skilled labor, cheaper coal, adequate home market, cheaper mill supplies, cheaper first cost of machinery, cheaper repairs and maintenance, lower ocean rates for export, lower marine insurance on exports, lower transportation by reason of proximity to market, milder weather, because it costs 25 per cent more to operate in the colder climate in winter than in other seasons.

THE CLAIMS OF THE PAPER MAKERS UPON CONGRESS FOR THE PRIVILEGE OF TAXING CONSUMERS.

The paper makers claim they should be treated on an equality with other industries. They forfeited all claim to Government favor, if ever they had any, by their refusal to provide for the growing needs of the consumers. They did this in order that they might starve the market and advance prices to an abnormal basis and force consumers to buy the products of mills that had outlived their usefulness. The granting of the tariff privilege of taxing consumers carried with it an obligation upon the part of the manufacturers to meet the consumers' needs and not unduly plunder him under sanction of governmental authority. The consumption of news print paper has been growing steadily at the rate of 90,000 tons per annum, or 300 tons per day, but in the year 1911 not a single paper machine was built by the manufacturers in the United States.

STARVING THE MARKET TO ADVANCE PRICES.

In the month of March, 1911, at the time they were appealing to your committee for relief, their reports to the Bureau of Corporations showed that they were restricting their output below normal capacity to the extent of 156,000 tons per annum, or 13 per cent. They were aggravating that restriction by the exportation of 49,755 tons of news print paper in the fiscal year of 1911, a total of over 200,000 tons restriction in the supply of paper to American consumers, while keeping the stock of paper on hand at the mills down to 30,272 tons, or a seven-day supply for the entire country. Any unusual condition arising during the year, such as a strike, a fire, drought, or blizzard, or shortage of cars, or congestion of traffic, would have precipitated a situation similar to that in the fall of 1907 and the spring of 1908 when a paper panic, costing approximately \$10,000,000 per annum to publishers, was brought about by the purchase of 50,000 cords of wood in Quebec for 16 Wisconsin paper mills.

FRIGHTENING OFF INVESTORS IN NEW ENTERPRISES.

The paper makers inaugurated a campaign to deter investment in new mills, and when they failed to stop construction in any other way, they attacked the credit of the projectors of those new mills, and urged banks to refuse loans to the new enterprises. The table of imports and exports of news print paper for five years (see table 16), shows that they have starved the market by exporting more news print paper than has been imported.

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If the American news print paper mills need protection in this market against foreign makers, why have they been shipping news print paper to the competitive markets of the world, to the extent of 55,000 tons per annum, or 185 tons per day?

A SERIES OF PAPER COMBINATIONS.

Since 1898, when the International Paper Co. was formed, the paper makers in substantially all groups have been trying to regulate the market by combinations and to maintain high prices. The General Paper Co. was formerly dissolved by decree of the United States court on June 18, 1906, at the original instance of the publishers. Twenty-four members of the Fiber and Manila Pool pleaded guilty to indictments in the United States court in June, 1908, and were fined. Twenty-seven members of the Box Board Pool were also indicted and fined. The Sulphite Pool, which had operated for five years prior to 1908, dissolved in December, 1907, and reorganized as a bureau of statistics. The Eastern Box Board Club was recently raided at the instigation of the Department of Justice.

Combinations to restrict production and to fix prices have been made in almost every one of the divisions of the American Paper and Pulp Association, as follows: News print paper, book paper, fiber and manila, box boards, sulphite pulp, tissue, writing, blotting paper, soda pulp.

Information relating to all these combinations was submitted to the Attorney General in October, 1907, and was subsequently embodied in a formal letter to him under date of February 10, 1908. It can be found on page 212 of the pulp and paper investigation.

MILLMEN OPPOSED TO OPEN PRICES FOR PAPER.

The paper makers have arrayed themselves against open prices and against public quotations. They have preferred to keep their mills idle and their labor unemployed, and to allow Canada to sell paper here to the advantage of Canadian labor and the disadvantage of their own labor, rather than sell paper f. o. b. mill. When I applied to the Remington Martin Co. for 100 tons of paper which it wanted to sell, it refused to let me have it because I refused to tell the name of the buyer, the place to which it was to be shipped, and the contract relations of the purchaser to other companies. I applied to every considerable news print paper mill east of the Rocky Mountains for paper upon terms which insured cash in advance for the paper when delivered on cars at the mill, and I was not able to buy from more than 2 out of 50 mills. Many of them needed orders. Their labor was working part time, but they preferred to respect a "gentleman's agreement" and starve the market to maintain a price. It is impossible to-day to buy news print paper from American mills except upon condition that the name of the user be disclosed as well as the destination of the paper and the purpose for which it is to be used. Many of the paper-mill contracts provide specially for that restricted sale. I have tried to buy paper from mills which were hawking it about the country at great cost for solicitation and traveling expenses and I could not obtain it from any mill, though I was offering to pay spot cash for paper, when loaded on the cars, thereby eliminating all questions of credit or bookkeeping. It was the most attractive proposition ever made to manufacturers as a method for the sale of paper, and yet concertedly they refused to sell. The International Paper Co., some time ago, issued a letter to newspapers which it served, cautioning them against passing along to another paper any of the raw material furnished by it to them. I submit a copy of that letter (Exhibit M).

"COOPERATION OF EVERYBODY."

The American Paper & Pulp Association established a bureau to collect reports of the operation of each mill. It was aptly described by Mr. Louis Chable, of the International Paper Co., at a banquet, on November 10, 1909, as follows:

"Within the last year, under Mr. Hastings's leadership, we have delved into statistics. We know to-day how many tons are produced in each grade of paper making, and we have separated each branch, and each branch reports to the association the daily output, the daily sales, and amounts of stock, and disseminates this information to the parties interested, keeping them advised in that way what the prices should be under the law of supply and demand. There is absolutely nothing in the laws of the country that would prevent anything of this nature, and it enables the man to use his own judgment as to what he should do. Little by little our membership, which was about 92 or 93 members years ago, has increased to 185, all manufacturers, and we hope to round up every man who manufactures a pound of paper. Instead of having only a local organi-

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zation we succeeded in getting a national organization. The western men have come into our association with their usual vim, and are agreed to see this thing a success. We will soon have such an association that will really mean the cooperation of everybody in the paper manufacturing industry, and will impose certain trade rules upon our paper manufacturers. There are no laws which would prevent us from making absolute trade rules to govern our industry. There is such a thing as abolishing abuses, and we have doubtless had a great many of them."

SEEKING GERMAN AND ENGLISH COMBINATION.

Arthur C. Hastings, president of the American Paper & Pulp Association, visited Europe in 1911, and tried to induce the British and Swedish manufacturers to cooperate with the American paper makers in gathering statistics that would inform them how the world's paper production was keeping pace with the consumption. Describing a trip to Germany and England he said: "They seem very much interested in the progress of the American association, and strong hope was expressed by some of the larger manufacturers that they might through closer association gather statistics that might be of great importance to the English manufacturers. If this could be done this information could be combined with the information being gathered by our association and the Canadian association, and eventually the paper interests of the world would be in an intelligent position to handle any problem which might arise."

To the United States attorney of New York City on December 31, 1909, I sent information of restrictions by 46 news-print paper mills upon the use which could be made of the paper they sold, these restrictions constituting an absolute bar to an open market. I append a copy of that letter as Exhibit D.

My letter of December 31, 1909, to United States Attorney Wise also contained information about the refusal of many news-print paper mills to sell other than 32-pound paper or to contract for supplies for more than one year, such action being the result of obviously concerted action by the paper mills.

ADVISING MILL MEN TO CURTAIL PRODUCTION.

On June 9, 1910, the paper committee of the American Newspaper Publishers' Association notified publishers that stocks of paper were accumulating. On July 11, 1910, that is, five weeks later, the president of the American Paper & Pulp Association advised paper makers to curtail output, and the output was curtailed. The full text of that letter can be found on page 320 of the hearings of the Ways and Means Committee on reciprocity, February 2-9, 1911.

ALLOWING WEAKER MILLS TO GET A MARKET.

The President of the Union Bag & Paper Co., Mr. Edgar G. Barrett, in an interview printed August, 1910, gave details of the methods by which the larger paper companies reduced their production to 35 per cent of their normal output to allow the weaker mills to get a market. A copy of that letter can be found on page 321 of the hearing of the Ways and Means Committee on reciprocity, February 2-9, 1911.

UNIFORM PRICE OF \$45 PER TON MAINTAINED.

An effort inaugurated by the International Paper Co. in 1909 to establish a uniform price of \$45 per ton gross weight, at points within a given zone of the mills, had been maintained and extended by that company and by nearly all the other paper makers, so that a considerable part of the consumption of news-print paper has been on that basis until within a few months. It is worthy of note that the price of print paper had increased from \$32 gross at \$30 net to \$45 per ton, or approximately 50 per cent since the consolidation of 24 mills into the International Paper Co. in 1898. In the summer of 1910 the larger paper-making companies refused to make any quotations for the calendar year 1911 until after October 1, 1910. The International Paper Co. refused in the summer of 1911 to make any quotations on a large order for the year 1912, though it is obvious that a newspaper using a considerable quantity of print paper can not readily adjust itself to new conditions or to change its source of supply within a few months. The effect of this action on large consumers of news-print paper had been to force publishers to accept the terms of the paper makers or to arrange for new production. The tangle of the American Government with Canadian Provinces and the tariff burdens imposed upon print paper had added approximately more than \$6,000,000 per annum to the price which newspapers would pay for raw material under normal conditions. Since then that annual tax has been reduced through the operation of section 2 to approximately \$2,500,000 per annum.

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SELLING ABROAD AT LOWER PRICES THAN TO AMERICAN CONSUMERS.

American news-print paper sold in Sheffield, England, in 1907, on a basis of \$39 per ton of 2,000 pounds, f. o. b. New York, while selling to New York customers at \$50 per ton.* In April, 1904, we called the attention of the Judiciary Committee of the House to the action of the International Paper Co. in selling paper for London on a basis of \$35 per ton f. o. b. New York, while charging local customers \$45 per ton.

BRITISH ASSOCIATION CHARGES AMERICANS WITH DUMPING.

Overwhelming evidence of the fact that the paper makers had been selling paper abroad at lower prices than they sell in the domestic market is furnished by the report of the committee of the Paper Makers' Association of Great Britain and Ireland. At a meeting held in March, 1912, in the Hotel Cecil, London, the committee, comprising Messrs. Lewis Evans, Joseph Dixon, and John E. Jepson, reported as follows: "The paper-manufacturing industry in the United Kingdom has suffered very grievously during the past 10 or 15 years from the competition of the United States paper manufacturers. The United Kingdom has been used as a dumping ground for the surplus production of the United States paper manufacturers, and the surplus production was only possible because of the Canadian timber being available."

The American paper makers, instead of improving their plants and their methods, have relied upon the coddling tendencies of tariff benefactions to keep them going. None of them have standardized their papers. That is true of the writing-paper mills as well as of the news-print paper mills. The smaller American news mills, especially those having only one machine, lose valuable time and production by reason of stops for changes of widths of rolls, in weight of paper, in color, in surface, and in quantity. There is a difference of \$4 per ton in the cost of making paper between that machine which runs uninterruptedly on one grade for 24 hours of the day, from Monday morning until Saturday night, as compared with a machine which is stopped frequently for changes in weight, or surface, or color, or quality. I am informed that in the writing-paper business this absence of standard is especially costly.

GROWTH OF PAPER MACHINES IN 12 YEARS.

The news-print paper machine has grown in 12 years from a width of 90 or 100 inches to 202 inches; from a speed of 300 feet per minute to 650 feet per minute; and from a production of 25 or 30 tons per day to an output of 55 and 60 tons per day. Three-fourths of the paper machines in use in the United States to-day are out of date and unfit for competition. The number of comparatively modern machines, that is, machines built within the last 12 years, does not exceed 46 in a total of 172. I submit Exhibit K, giving details of the claimed capacity of each mill.

COMBINATIONS OF MILLS THAT WERE VERGING ON BANKRUPTCY.

The International Paper Co., which combined more than 24 concerns in 1898, has added only two machines in 14 years. It was capitalized at three times the rate per ton of daily output at which the St. Regis Paper Mill in northern New York was built. It bought originally 101 machines in mills, many of which were verging on bankruptcy, according to the statements of its representative, Mr. Chester W. Lyman. Only 51 of the 101 machines were then fit for paper making. The average of the whole equipment was only 12 tons per machine per day, or 40 per cent of the then standard capacity. You can imagine their condition to-day with an added wear of 14 years against them, especially when they compete with machines producing 55 tons per day. When capitalized in 1898, its securities and other obligations approximated \$60,000,000, though all of its mills could have been built in better locations and with modern equipment for less than \$15,000,000, thereby imposing a burden of approximately \$35,000,000 inflation upon the consumers of paper. Instead of utilizing its excess for the improvement of its outfit and the increase in the number of paper machines it spent its money like a drunken sailor in gigantic speculations in woodlands, acquiring approximately 6,000 square miles of timber area rights, or three times the quantity necessary for an indefinite reproduction of a wood supply sufficient to meet its present needs.

When the Ways and Means Committee heard testimony on the paper schedule on November 21, 1908, the chairman, Mr. Payne, asked Mr. Lyman, representative of the International Paper Co., to produce and file with the committee a statement show-

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ing the purchase price of each of the properties merged into the International Paper Co. and how paid, in cash or bonds, or otherwise, and the capacity of each mill and the number of tons they made each day at the time of purchase. That statement, if ever made by the International Paper Co., can not be found in the records here. Chairman Penrose, of the Senate Finance Committee, made a similar request in May, 1911, for that information, but the International Paper Co. refused to furnish it. Up to date it has not uncovered all the amounts which it paid for mills which it bought and immediately dismantled and for which it forces consumers to bear the burden of carrying.

A TRUST SUIT SUDDENLY ABANDONED.

In the year 1911, during the reciprocity discussion, an innocent underling of the International Paper Co. undertook to sue the Lewiston (Me.) Journal for calling it a "trust." Instead of bluffing the publisher into a retraction, the company encountered a plea of justification and an order to disclose its books showing the prices originally paid for mills acquired by it. Within 10 minutes after the books had been produced in New York, and after only 33 millions of the 55 millions of its original authorization of securities had been accounted for, the hearing stopped, and the suit was abandoned by the International Paper Co., just as the investigators reached the items of allowances to various mills for "organization expenses." That company is not so sensitive now about being called a trust.

When formed, the International Paper Co. was an illegal combination. It was organized in restraint of trade. It boasted that it had acquired every important mill in the East with one exception. It bought and closed mills to stop them or to remove them as possible competitors. The fact that it was organized 14 years ago has not clothed it with the sanction of the law or with a suit of whitewash. Antiquity can not convert an unlawful performance of 1898 into a lawful concern in 1913 to make it a fit applicant to you for the special privilege of taxing all the newspapers of the country.

OUR RETALIATORY LEGISLATION HAS REACTED AGAINST THE UNITED STATES CONSUMERS.

Mr. Stanley Bristol of the Forestry Service has said fully 90 per cent of the wood used in this country for the manufacture of ground wood is spruce, one-third of which is imported from Canada. I think his percentage is too high. These imports had been gradually increasing for a number of years and the rate of the imported spruce consumed to domestic spruce had also been on the increase, but the retaliatory legislation on both sides of the line has disturbed the supply.

Every measure which the United States has imposed upon the Canadian Provinces has reacted against the American paper maker and consumer. The Dingley law of 1897 imposed a countervailing duty to equal the export duties imposed by Canadian Provinces on pulp woods. The Province of Ontario met that retaliation by prohibiting the exportation of pulp wood from its Crown lands, and strangely enough because the slovenly preparation of that retaliatory clause in the Dingley law, Ontario avoided the countervailing duty and shipped freely into the United States market, by shifting from an export tax to complete prohibition. The Payne law imposed a tax of \$1.67 on mechanical pulp and \$2 per ton additional on print paper, in provinces which imposed any restriction upon wood, but the Treasury Department, on August 26, 1909, interpreted that penalty to apply only to restricted wood. The Province of Quebec met the Payne law by prohibiting the exportation of pulp wood cut from its Crown lands. Then the United States, by section 2 of the reciprocity law, admitted free of duty the Canadian pulps and paper products of unrestricted wood and continued the previous rates of import duty and retaliatory penalties upon the pulp and paper products of restricted wood. That policy forced paper makers of Canada to buy freehold wood. It created an artificial demand which added \$2 per cord, or \$2.80 per ton of paper, to the cost of wood supply to American paper makers, who were dependent upon Canada for an opportunity to live.

THE PAPER MAKERS SPURNED AN OPPORTUNITY FOR FREE WOOD FROM QUEBEC.

In the year 1909 the American paper makers had a chance to consummate an arrangement with Canada whereby the supply of wood from the Province of Quebec would be continued indefinitely. The House of Representatives adopted this program which the Mann committee had formulated because the provincial authorities had said that if they were expected to allow their wood to go to the United States without restriction, then Canadian paper made from that same wood should not be

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subjected to a heavy tariff. That was a reasonable proposition, but the American Senate, at the instigation of ex-Senator Hale, and of the International Paper Co., upset that arrangement and undertook to bulldoze the Canadian Provinces so that it could force them by the imposition of retaliatory duties to let their pulp wood come into the United States without restriction. Instead of composing the situation, they provoked an ugly complication, which will require years of intelligent and delicate handling to adjust. Nothing can be done by compulsion or tariff threats to provide wood for the American paper industry. That day has passed. Canada controls the pulp wood supply. Its authorities insist that they be dealt with upon a reasonable basis.

CONSUMERS PAYING THE PENALTY OF RETALIATION.

The burden of the retaliatory measures has been carried by the consumer, not by the Canadians. We paid \$279,436.40 in penalties in the year ending June 30, 1912, to get paper from Crown lands, in addition to the extra price paid for wood cut from freehold lands. Such payment is substantial evidence of our dependence upon outside sources for our supplies.

It is probable that the publicity agent of the International Paper Co. will claim, as he has done heretofore (see Exhibit F), that we are not dependent upon Canada for spruce wood. Yet that company has acquired over 3,000,000 acres of land in Canada, and imports the wood cut from it as far as permissible. The paper manufacturers of the United States paid \$20,053,750 in 1912 to procure the raw materials which they must have to produce paper. About 40 per cent of our supply of raw material for wood papers—that is, the equivalent of 1,970,886 cords of wood—came to the United States from other countries. The American paper makers, with amazing selfishness, insist that the United States Government demand free pulp wood from Canada, but bar out the manufactured products of that pulp wood. We are now convinced that that program is wrong. We ask for free paper and free pulps, regardless of Canadian restrictions.

DOMESTIC SUPPLY OF WOOD NEARLY EXHAUSTED.

Retaliatory measures have failed to force the Canadian Provinces to give up their advantage in wood supply. Every step toward the freest interchange of pulp wood, pulps, and paper products of pulp wood, will be an advance toward the relief of the American paper makers. It is impossible to ignore the facts that our domestic supply of wood is nearly exhausted and that combinations have raised the charges for stumpage in the United States to an abnormal and speculative degree. The State of Wisconsin in which most of the Western paper mills are located, has been cleared out of spruce. Nearly five years ago, Forester Pinchot estimated that the available supply of pulp wood timber in the United States would last as follows:

New York State—less than four years from now.
 Pennsylvania—four years from now.
 Minnesota—four years from now.
 Vermont—six years from now.
 New Hampshire—twenty years from now.
 Maine—twenty-three and one-half years from now.

WOOD AREAS OF QUEBEC.

The Province of Quebec is contiguous to the considerable paper-making interests of New York and New England, which have heretofore drawn large supplies of pulp wood from that Province. Last year they continued to draw from there but at an additional cost of approximately \$2 per cord upon new contracts. We imported 901,270 cords last year.

The Province of Quebec covers 340,000 square miles, which is apportioned as follows:

	Square miles.
Owned by Province: Crown lands in timber.....	200,000
Owned by Province: Crown lands burned, waste, culled.....	106,000
Streams:	
Private lands under seigniority.....	16,000
Private lands under letters patent.....	18,000
Total.....	340,000

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Of the 34,000 square miles of private land, much is under cultivation. Only 8,000 square miles is in timber. It is obvious from these figures that the Province of Quebec had cut off from exportation all but one twenty-fifth of the timber area. American paper makers own over 12,000 square miles of timber rights on the Crown lands of Quebec, from which they can not now ship pulp wood because of the prohibition of May 1, 1910. They must manufacture in Canada. The International Paper Co. says it proposes to build paper mills in Canada, tariff or no tariff. The Berlin Mills Co. has already established a sulphate pulp installation and a Kraft plant at La Tuque, Quebec, under concessions granted by the provincial government. The Union Bag & Paper Co. has built a 100-ton pulp mill at Three Rivers, Quebec. The provincial authorities of Quebec have been trying to duplicate the performance of Ontario, which compelled Michigan lumbermen to move their operations to the north shore of the lakes. Ontario also starved the Wisconsin Paper Mills, which are now in hard straits for their pulp-wood supplies and which are gradually abandoning the production of papers like news print in which spruce wood enters.

The revision which we ask would promote conservation. It would be helpful in checking the rapid depletion of our forests as sources of paper-making material. All efforts to find a substitute for spruce wood in the making of the cheap paper have failed, though years have been devoted to the search. A reward of millions of dollars in profits has awaited the man who could work out a commercial substitute.

SPRUCE TREE GROWTH TOO SLOW TO PROVIDE A SUPPLY.

The cultivation of the spruce tree in our own forests is visionary, partly because the maturity of the tree is not reached until 75 or 100 years. Mr. Weyerhaeuser, of Minnesota, says no one will succeed in that scheme of forest reproduction because of forest fires and because the States tax standing timber.

The abolition of duties would obviate the complaints now made by favored nations, which allege truthfully that the United States is not keeping faith with them, in granting to Canada without consideration that concession which it will not give to countries having favored-nation treaties.

THE FAVORED NATION COMPLICATION.

The requests of foreign countries with respect to free admission for their pulps and papers made from free wood have been unheeded. I refer you to a letter which I sent under date of November 11, 1911, to the President, copy of which I submit marked "Exhibit J."

It would seem that the only protection for the American consumers against imposition upon them by American manufacturers or Canadian Provinces would be the admission free of import duty of the pulps and paper of all countries. The import duties on pulps and papers are in effect a tax on knowledge. Apart from all other economic considerations such a tax is against sound public policy and inconsistent with that promotion of intelligence which is essential to leadership among the nations of the earth.

The failure of every retaliatory measure to coerce Canada; the amazing growth in the United States of the demand for paper; the exhaustion of the supplies of raw material; the evidence that the paper industry, notwithstanding section 2 of the reciprocity law, has passed through its banner year; the obvious disadvantages of any tax on knowledge, and the need for conservation, should induce Congress to open wide the door for free pulps and free paper. The Tariff Board has shown that the difference in the labor cost of a ton of paper between Canada and the United States mills is only 8 cents per ton. It has shown that the cost of conversion is less in the United States mills than in Canada, and that the item of wood is the only advantage they have to offset the advantages of the American mills.

A SHELTER FOR EXTORTION.

It is evident that any import duty levied on paper and pulps practically serves to protect those who have monopolized the limited timber supplies of this country. The duty is not for the protection of labor. It is not for the protection of the manufacturer. It holds the country under tribute to a comparatively few timber holders, and ties it to a limited and fast disappearing body of natural wealth, principally in Maine and New York. The import duties levied under such conditions merely provide a shelter for extortion.

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ALL PAPER IMPORTATIONS EQUAL TWO PER CENT OF COUNTRY'S CONSUMPTION.

The value of paper produced in the United States, excluding manufactures of paper, approximate \$280,000,000 per annum. The census figures for 1909 show reports of \$232,382,000 at mills. The importations for 1912 were valued at \$6,010,813, or only 2 per cent of the total consumption. The divisions of these papers into groups are as follows:

	Value of annual production, 1909.	Value of importations, 1912.
Printing paper, news (under 2½ cents).....	\$46,856,000	{ \$1,218,638
Printing paper, book.....	42,803,000	{ \$40,239
Surface coated.....	9,414,000	341,992
Writing.....	24,966,000	555,798
Wrapping.....	42,296,000	176,035
Tissue.....	8,654,000	872,247
Paper boards.....	26,145,000	285,562
Sheathing.....	8,944,000	7,953
All other, including cardboards, hangings, boards.....	22,404,000	1,612,369
Total.....	232,682,000	6,010,813

¹ Free.

² Dutiable.

PAYNE LAW RAISED DUTIES ON OTHER KINDS OF PAPER.

Cheap printing paper and mechanical pulp were the only articles in the entire paper schedule that were reduced by the Payne law. The revenue from cheap printing paper substantially doubled in the first year following that reduction. The Payne law raised the average duty on other papers of other manufactures from 25 to 29 per cent. The increase in rates covered books for children, cigar labels, lithographic prints, souvenir post cards, embossed paper, surface-coated paper, writing paper, wrapping paper, onionskin paper, grease-proof paper, imitation parchment paper, photographic papers.

On items like envelopes and filter massé, which were already fixed at a rate that barred importation, there were no increases. On papers that the Photographic Trust imported for its own purposes there was no change.

Ordinary tissue papers are sold in the American market for 4 cents per pound. It is obvious that foreign tissues can not pay a duty of 6 cents per pound and 15 per cent and compete with domestic tissues. Such rates are prohibitory. The only tissues that could have been affected by the duty would have been a comparatively few high-grade cigarette and carbon papers. The Diamond Tissue Paper Mills might give some information to a congressional committee respecting the retention of these prohibitory duties.

Surface-coated papers, under pressure from manufacturers, were increased in rate from 28 to 45 per cent.

Wrapping papers with surfaces decorated were raised to a prohibitory figure.

Writing paper, which needs no protection, was increased, though the writing-paper combination exports it in large quantities.

In writing paper and envelopes the exports are seven times as great as the imports. (See Exhibit L.)

For instance, a duty of 10 cents per pack and 20 per cent was kept on playing cards, though we export 20 times as much as we import.

The exports of book paper were nearly four times as much as the imports.

PROHIBITORY RATES.

Prohibitory rates were imposed on ordinary tissues, copying paper, surface-coated papers, parchment, imitation parchment, onionskin, decorated surface wrapping paper, plain basic printing photo process and solar process. A joker was put in on onionskin paper that benefited the Esleek Manufacturing Co., of Turners Falls, Mass. Another joker was put in on decorated wrapping paper. A mill controlled by the Graham Paper Co. was the beneficiary. The lithographic pool lobby managed to raise duties on some articles to 300 per cent and to prohibit the importation of most of them.

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A NET LOSS OF OVER FIVE MILLIONS PER ANNUM FROM SOUVENIR POST CARDS.

Under the Dingley law colored post cards were admitted at a duty of 5 cents per pound and black-and-white cards at a rate of 25 per cent ad valorem. The lithographic pool induced the Aldrich-Payne conference to raise those duties on both to the prohibitory rates of 15 cents per pound and 25 per cent ad valorem, an increase of more than 300 per cent. The largest handlers of post cards in the country say that as a result of these rates the sales have fallen off more than half. Up to the time of the passage of the Payne law the postal revenues from the use of souvenir post cards had been estimated at \$19,000,000 per annum, all of which was due to the energy of the German picture makers and the excellence of their work. The imitation cards made by American houses have been a discreditable failure. The loss of net revenue to the Government from diminished sales of 1-cent stamps for this most profitable business probably exceeds \$5,000,000 per annum, all of which has been brought about to benefit a few houses in the lithographic pool.

TABLES OF IMPORTS AND EXPORTS.

The tables which I append, showing the values and duties and invoice prices of various kinds of paper, indicate that the cheaper articles are not imported in any considerable quantity because of the prohibitory duties, and therefore the Government can not lose any material revenue by admitting free of duty paper costing not more than 4 cents per pound. Take writing paper as an illustration. The writing-paper importations average 10 cents per pound. The revenue, therefore, could not be affected by removing a duty on paper costing not more than 4 cents per pound. With respect to pulps there is a considerable revenue which might be lost, but those pulps are necessary for the salvation of the paper-making industry. The manufacturers have not the wood and can not get it. They must obtain it elsewhere, and they imported 542,475 tons of pulp in 1912, requiring approximately as many cords of wood for that importation as the paper makers obtain from Canada in the wood. To put a duty on pulp wood would be deadly to the American mills. To continue the duty on pulps, which are equally necessary for the salvation of American mills, would seem to be without justification.

EXHIBITS AND TABLES ACCOMPANYING BRIEF SUBMITTED BY JOHN NORRIS, CHAIRMAN OF COMMITTEE ON PAPER, AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

Exhibit A.—Copies of blank petition to Congress circulated by paper makers opposing free paper from Canada.

Exhibit B.—Copy of letter of American Paper and Pulp Association, inclosing Exhibit A.

Exhibit C.—Letter to President of International Paper Co., opposing free paper from Canada.

Exhibit D.—Copy of letter to United States attorney dated December 31, 1909.

Exhibit E.—Circular of American Paper and Pulp Association predicting ruin and disaster to the paper industry.

Exhibit F.—Claim of Chester W. Lyman, representing International Paper Co., that there is unlimited raw material in the United States for paper making.

Exhibit G.—Copies of paper trade publications, showing that 1912 was the best year the paper industry ever had and that 1913 promised to exceed it.

The Paper Trade Journal, of January 2, 1913, page 62, in reporting upon the markets, says: "Every manufacturer and jobber interviewed by the Journal's representative advises from all indications they look forward to a much better year in 1913 than in 1912, which has proved to be the best in the last five years."

Paper Mill, of December 28, 1912, page 26, heads one article:

"CHICAGO TRADE.

"The year now closing is generally believed to be a record breaker. Outlook for 1913 is generally regarded as fine."

"Extended inquiry among representatives of all branches of business in Chicago, representing the output of paper mills of all kinds, shows that 1912 comes to a close of a record of the biggest and most successful trade in the history of the paper industry here. Previous to this year, 1910 had been the banner 12 months in the history of the industry in Chicago." * * *

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"Manufacturers' representatives, jobbers, and wholesalers handling general stocks of papers are agreed in reports of large volume of business for 1912 and prophecies for still better times in the trade."

N. D. Hurlbut, traffic manager of the Wisconsin Paper Manufacturers, is quoted by the Paper Trade of December 28, 1912, page 1, as follows:

"I have no definite statistics at the moment to warrant more than a guess at the total Wisconsin mill tonnage for the year, but it is entirely safe to say it was greater than the year before."

The Paper Trade Journal, of December 26, 1912, said editorially:

"The year, from all accounts, has been a prosperous one. Business has been uniformly brisk and conditions have been favorable for a good outturn. * * * We feel safe in asserting that a consensus of opinion will make of 1912 what is commonly called 'a banner year.'"

The Paper Mill, of December 3, 1912, page 3:

"There has been an average increase of something like 10 per cent of the prices of many kinds of paper during the year." * * * "From no source come any discouraging reports—nobody makes any complaints." * * * "The great majority of dealers are united in the statement that so long as the country has passed through a presidential election without any serious disarrangement of business it is likely that no upheaval will result from any changes in the tariff schedule."

The Paper Trade Journal, December 19, 1912, page 10: "In many cases the manufacturer is from two to six weeks behind in orders. It is the consensus of opinion that book jobbers and mill men will be greatly pleased when the business for 1912 is summed up, as, judging from records made during almost every month, it can not help from being a record year."

Exhibit H.—Circular of Hesse Envelope & Lithographic Co., of St. Louis, dated May 23, 1912, headed "Paper has advanced."

Exhibit I.—Circular of Graham Paper Co., of St. Louis, Chicago, Denver, Kansas City, Nashville, New Orleans, announcing "withdrawal of prices." Also announcing change in trade customs. Also important changes in prices, from November, 1911.

Exhibit J.—Letter to the President relating to the favored-nation clause.

Exhibit K.—Table showing claimed capacity of each news-print paper mill in the United States and Canada, with statement of number of news-print machines in each mill and the average tonnage per day per machine.

Exhibit L.—Lockwood's Paper Trade Directory for 1913, page 768, contains advertisement of American Writing Paper Co., which operates 29 mills and which has an agent selling for it in Sydney, Brisbane, Mexico, Wellington, Cape Town, Buenos Ayres, Melbourne, Bombay, Habana.

Exhibit M.—Extract from letter from International Paper Co. to a publisher cautioning him not to lend paper to another publisher.

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TABLE 1.—Quantities of paper imports.

Comparison by years of quantities of imports of paper of all kinds.

Paper.	1907	1908	1909	1910	1911	1912
Printing paper:	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
All prices.....	10,561	16,270	19,186	46,826	57,209	59,275
2½ cents per pound or under.....	8,816	14,598	17,057	44,858	54,011	56,404
Between 2½ and 4 cents per pound.....	202	234	357	367	1,238	1,001
Above 4 cents per pound.....	1,543	1,438	1,772	1,601	1,960	1,870
Total printing paper from Canada.....			16,647	43,383	53,114	55,562
Free.....						32,012
Dutiable in 1912.....						23,550
Writing.....	488	476	386	617	824	862
Tissue.....	715	683	683	850	1,022	854
Surface coated.....	4,132	2,979	3,097	2,806	2,699	2,274
Parchment.....	127	111	96	2,650	4,376	2,797

TABLE 2.—Values of paper imports.

Comparison by years of values of paper imports, including books and printed matter and papers and manufactures of.

Paper.	1907	1908	1909	1910	1911	1912
Printing paper of all kinds.....	\$596,819	\$812,521	\$947,281	\$1,921,244	\$2,508,193	\$3,490,929
2½ cents per pound and below.....	316,406	549,956	643,774	1,663,587	2,009,888	2,158,937
Between 2½ and 4 cents per pound.....	13,552		25,554	22,951	46,872	62,719
Above 4 cents per pound.....	266,861		277,923	234,846	451,433	269,273
From Canada.....			631,893	1,615,100	1,969,102	2,101,223
Wrapping (not decorated).....				829,660	1,103,152	872,257
Writing.....	188,136	147,292	131,876	158,513	175,722	176,035
Surface coated.....	805,297	580,127	867,853	606,263	605,080	553,185
Tissue.....	305,854	291,437	285,193	348,428	387,316	373,997
Paper hangings.....	671,904	609,361	532,574	790,711	848,675	868,294
Playing cards.....	10,363	14,653	8,057	11,680	11,198	13,647
Sheathing.....	84,722	103,851	22,369	8,954	9,042	7,953
Parchment and imitation.....	42,817	42,168	33,839	259,806	414,075	294,879
Photographic.....	1,180,029	1,403,813	759,532	860,249	1,147,039	962,003
Souvenir post cards.....				365,245	601,564	544,693
All others (of papers).....	1,326,906	1,594,853	2,237,579	720,712	353,312	277,574
All papers (not including books and manufactures of).....	4,530,583	4,986,065	5,285,524	5,701,972	6,702,942	6,010,813
All books, engravings, paper, and manufactures of.....			17,063,944	17,635,478	18,486,223	17,375,909
All books, engravings, paper, and manufactures of, free.....			2,954,305	3,335,538	3,249,826	5,019,486
All books, engravings, paper, and manufactures of, dutiable.....	10,727,883	12,233,058	14,109,639	14,300,940	15,236,697	12,356,423
Books and printed matter, dutiable and free.....			9,940,579	9,314,512	9,254,454	9,128,312
Books and printed matter, dutiable.....			6,886,274	5,979,974	7,004,928	5,333,173
Books and printed matter, free.....			2,954,305	3,334,538	2,249,526	3,795,139

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TABLE 3.—*Duties on paper imports.*

. Comparison by years of duties on all kinds of paper.

Paper.	1907	1908	1909	1910	1911	1912
Printing paper:						
2½ cents per pound or under.....	\$53,387	\$88,891	\$104,267	\$224,288	\$259,525	\$131,690
4 cents or under.....	55,568	91,713	108,514	227,718	266,903	141,702
Over 4 cents.....	40,469	37,538	42,505	36,579	69,503	42,437
Of all kinds.....	96,037	129,251	151,019	264,297	336,406	184,139
Wrapping (not decorated).....				287,225	386,103	304,865
Souvenir post cards.....				157,536	195,673	176,109
Writing.....	60,661	50,421	45,914	62,578	78,777	79,443
Tissue.....	124,572	118,312	116,895	144,096	169,084	159,967
Coated.....	348,875	256,551	320,610	332,387	327,494	277,585
Photographic.....	275,331	333,431	204,591	238,148	335,199	278,840
Parchment, etc.....	9,378	8,651	7,250	129,880	216,138	141,369
Sheathing.....	8,472	10,385	2,236	895	904	345
All other.....	331,655	396,674	553,653	206,504	105,993	83,272
Total.....	1,251,992	1,303,687	1,407,180	1,665,978	1,955,098	1,509,829
Books and printed matter.....			1,528,301	1,593,147	1,634,573	1,453,876
Paper and manufactures of, includ- ing books.....			3,533,215	4,140,810	4,439,113	3,669,025
Souvenir post cards.....				157,536	195,673	176,109

TABLE 4.—*Import prices per pound.*

Comparison by years of prices per pound for imports of paper.

[Cents per pound]

Paper.	1907	1908	1909	1910	1911	1912
Printing paper, not over 2½ cents per pound.....	1.8	1.9	1.9	1.8	1.9	1.9
Printing paper, all kinds.....	2.8	2.5	2.4	2.0	2.2	2.1
Writing paper.....	19.2	15.4	17.1	12.8	10.6	10.2
Surface coated.....	9.7	9.7	14.0	10.8	11.2	12.2
Tissue.....	21.3	21.3	20.8	20.5	18.9	19.6
Parchments and imitations.....	16.8	18.9	17.6	4.9	4.7	5.1

TABLE 5.—*Quantities and values of pulp-wood imports.*

Comparison by years of imports of pulp wood.

Year.	Cords.	Value.	Per cord.
1907.....	644,157	\$2,806,653	\$4.36
1908.....	920,490	5,020,662	5.45
1909.....	727,144	4,334,084	5.96
1910.....	1,000,342	6,392,023	6.39
1911.....	868,651	5,565,273	6.41
1912.....	898,865	5,834,044	6.49

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TABLE 6.—Comparison, by years, of quantities of wood pulp imported.

	1907	1908	1909	1910	1911	1912
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
All wood pulp, total.....	238, 255	271, 473	307, 121	423, 818	550, 897	541, 975
Mechanical pulp:						
Total.....	117, 706	128, 395	130, 139	159, 673	263, 501	219, 501
Total free.....				79, 174	195, 154	179, 577
Total dutiable.....	117, 706	128, 395	130, 139	80, 499	68, 347	40, 123
Chemical, unbleached:						
Total.....	78, 458	106, 036	134, 470	187, 288	206, 740	238, 878
Total free.....						16, 132
Total dutiable.....	78, 458	106, 036	134, 470	187, 288	206, 470	222, 746
Chemical, bleached:						
Total.....	42, 061	37, 042	42, 512	76, 857	80, 656	83, 596
Total free.....						7, 111
Total dutiable.....	42, 061	37, 042	42, 512	76, 857	80, 656	76, 485

TABLE 7.—Comparison of values of wood pulp imported.

	1907	1908	1909	1910	1911	1912
All wood pulp:						
Total.....	\$6, 379, 181	\$7, 289, 803	\$8, 629, 263	\$11, 768, 014	\$13, 980, 357	\$14, 213, 889
Total free.....						3, 727, 348
Total dutiable.....	6, 379, 131					10, 486, 541
Mechanical pulp:						
Total.....	1, 528, 975	1, 749, 250	2, 057, 877	2, 542, 725	4, 198, 760	3, 500, 124
Total free.....				1, 214, 978	3, 052, 297	2, 855, 383
Total dutiable.....	1, 528, 975	1, 749, 250	2, 057, 877	1, 327, 747	1, 146, 463	644, 740
Chemical, unbleached, total.....	2, 776, 748	3, 720, 829	4, 478, 903	5, 831, 016	6, 286, 615	7, 213, 153
Chemical, unbleached, total free.....						516, 573
Chemical, unbleached, total dutiable.....	2, 776, 748	3, 720, 829	4, 478, 903	5, 831, 016	6, 286, 615	6, 696, 579
Chemical bleached, total.....	2, 073, 408	1, 819, 724	2, 092, 483	3, 394, 273	3, 494, 498	3, 500, 613
Chemical, bleached, total free.....						355, 392
Chemical, bleached, total dutiable.....	2, 703, 408	1, 819, 724	2, 092, 483	3, 394, 273	3, 494, 982	3, 145, 221

TABLE 8.—Duties on wood-pulp imports.

[Comparison, by years, of duties on imports of pulp.]

	1907	1908	1909	1910	1911	1912
All wood pulp.....	\$678, 158	\$758, 526	\$885, 184	\$1, 152, 418	\$1, 215, 524	\$1, 194, 781
Mechanical pulp.....	200, 969	217, 648	220, 487	140, 977	114, 208	67, 167
Chemical, unbleached.....	266, 884	355, 664	449, 734	635, 038	689, 696	745, 188
Chemical, bleached.....	210, 305	185, 214	214, 962	376, 403	411, 558	382, 424

TABLE 9.—Prices, per ton, for wood-pulp imports.

	1907	1908	1909	1910	1911	1912
Mechanical pulp.....	\$12. 99	\$13. 63	\$15. 81	\$15. 92	\$15. 93	\$16. 28
Chemical pulp, unbleached.....	35. 38	35. 09	33. 37	31. 13	30. 40	30. 48
Chemical pulp, bleached.....	49. 29	49. 13	49. 22	44. 16	43. 33	41. 95

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TABLE 10.—Exports.

[Quantities of printing paper exported. Comparison, by years, of printing paper exported.]

	1907	1908	1909	1910	1911	1912
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Printing paper, of all kinds.....	60,045	34,601	36,093	46,369	63,399	63,893

TABLE 11.—Values of paper exports.

[Comparison, by years, of exports of paper.]

	1907	1908	1909	1910	1911	1912
Books and printed matter....	\$5,813,107	\$6,107,053	\$6,351,445	\$7,088,994	\$8,853,998	\$8,840,683
All paper, other than books, engravings, etc.....	9,856,733	8,064,706	7,663,139	8,994,277	10,361,501	10,617,367
Printing paper, of all kinds...	3,514,281	2,140,352	2,178,333	2,766,579	3,689,553	3,750,859
Print, 2½ cents per pound and under.....					2,434,964	2,501,529
Print, over 2½ cents per pound.....					1,254,589	1,249,330
Writing, and envelopes.....	1,200,742	1,088,782	1,068,769	1,267,117	1,200,168	1,192,423
Hangings.....	297,357	283,762	266,735	297,307	372,375	399,121
Playing cards.....	184,747	175,217	195,851	221,532	297,829	284,911
All other.....	4,659,606	4,376,593	3,953,451	4,441,742	4,801,576	5,389,174

TABLE 12.—Comparison, by kinds of paper, of production of "papers" in 1909 and importations in 1912.

Kinds of paper.	Census report of production in 1909.	Value of importations in 1912.	Percentage of value of importations to production.	Duties in 1912.
Printing, all kinds.....	\$89,659,000	\$2,490,929	2.76	\$184,139
Print (not over 2½ cents).....	46,856,000	2,158,377	4.60	131,630
Print (between 2½ and 4 cents).....	42,803,000	62,719	7.75	10,013
Print (over 4 cents per pound).....	42,296,000	269,273		42,436
Wrapping (not decorated).....	24,966,000	871,043	2.05	304,865
Writing.....	8,554,000	176,035	.70	70,043
Tissue.....	9,414,000	373,997	4.37	159,965
Coated.....	8,944,000	555,798	5.90	277,884
Sheathing.....		7,953	.003	345
Photographic.....		962,003		278,840
Parchment, and imitation, etc.....		294,879		141,369
All other "papers".....	15,220,000	277,574	1.82	83,282
Cardboard.....	3,352,000			
Hangings.....	4,332,000	825,162	19.04	
Boards.....	26,145,000			
Total.....	232,682,000			1,509,829

TABLE 13.—Tariff rates on printing paper.

	Dingley law.	Payne law.
Not above 2 cents.....	15	15 lowered.
Not above 2½ cents.....	15	15 lowered.
Not above 2½ cents.....	15	15 lowered.
Not above 3 cents.....	15	15 unchanged.
Not above 4 cents.....	15	15 lowered.
Not above 5 cents.....	15	15 unchanged.
Above 5 cents..... per cent.	15	15 unchanged.

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TABLE 14.—Free and dutiable print paper and pulp for 1912.

	Free.	Dutiable.	Per cent free.	Per cent dutiable.
News print paper, 2½ cents or under, tons.....	32,012	24,390	56	44
News print paper, 2½ cents or under, value.....	\$1,218,638	\$940,299		
Mechanical pulp, tons.....	179,378	40,123	81	19
Mechanical pulp, value.....	\$2,855,373	\$644,740		
Chemical, unbleached, tons.....	16,132	222,746	6	94
Chemical, unbleached, value.....	\$516,573	\$6,696,579		
Chemical, bleached, tons.....	7,111	76,485	9	91
Chemical, bleached, value.....	\$355,392	\$3,145,221		

TABLE 15.—Comparison of paper exports and imports for 1912.

	Imports.	Exports.
Books and printed matter:		
Free.....	\$2,855,528	
Dutiable.....	3,796,096	
	6,651,624	\$8,840,683
Printing paper:		
Dutiable.....	1,264,330	
Free.....	1,218,638	
News.....		2,501,529
Other.....		1,249,330
	2,482,968	3,750,859
Paper hangings.....	825,331	399,121
Playing cards.....		284,931
Writing paper and envelopes.....		1,192,423
Wrapping.....	853,050	
Souvenir post cards.....	428,173	
Surface coated.....	548,798	
Photographic.....	909,818	
Lithographic labels.....	2,037,888	
All other:		
Free.....	5,709	4,900,033
Dutiable.....	2,557,159	
	5,019,486	
Total free.....	12,356,423	
Total dutiable.....		
	17,375,909	19,458,050

TABLE 16.—Quantities of print paper imported and exported for five years.

	Imported.	Exported.		Imported.	Exported.
	Tons.	Tons.		Tons.	Tons.
1907.....	10,561	60,045	1910.....	46,826	46,389
1908.....	16,270	34,601	1911.....	57,209	63,399
1909.....	19,186	36,093	1912.....	59,275	63,893

REPORT ON THE PULP AND NEWS PRINT PAPER INDUSTRY
BY THE TARIFF BOARD.

WASHINGTON, January 17, 1913.

The report is generally accepted by the manufacturers as correct in almost every important feature and as absolutely conclusive as to the power to destroy the industry that would be given to Canada by removal of our duty, even though we had access to her Crown lands. This conclusion is based on the facts demonstrated in the report that the cost of wood is about \$5 per ton of paper less for the average Canadian mill than for the average United States mill, and the cost of paper \$5.35 less.

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The gist of the whole report is:

First. That every mill in the United States pays more for pulp wood than the average cost in Canada, and that the average difference is indicated to be over \$4 per cord.

EXCESS COST IN UNITED STATES.

Second. That 100 per cent of our ground-wood pulp costs more to make than the Canadian average cost, and that our average cost is \$5 per ton more than the Canadian.

Third. That about 90 per cent of our sulphite fiber costs more to make than the Canadian average, and that our average cost is \$5.50 per ton more than the Canadian.

Fourth. That at least 77 per cent of our news-print paper costs more to make than the Canadian average, and that our average cost is \$5.35 per ton more than the Canadian average.

The data for the United States cover, besides many pulp mills, paper mills making 940,478 tons per annum of news-print paper, or about 80 per cent; the data for Canada cover practically the same percentage. Thus the field was fairly completely covered, and the result would not be substantially changed by the 20 per cent not investigated.

If comparisons are made of the costs of production given in the report, with prices paid by the purchaser, either given in the report or coming from any other source, the fact should not be lost sight of that the expenses of selling, general administration, depreciation, and interest are not included in the costs.

PRODUCTION OF PULP AND PAPER IN THE UNITED STATES.

Great increase in product.—A United States census bulletin recently published attests the great growth of the industry as a whole, and particularly the news-print division, during the 10 years preceding. The value of all paper and pulp products was in 1899, \$127,327,000, and in 1909, \$267,869,000, an increase of \$140,542,000, or 110 per cent. The annual tonnage of news paper in rolls for printing increased from 455,000 tons to 1,091,000 tons, or 140 per cent, thus much more than doubling in 10 years, while the value increased from \$15,755,000 to \$42,807,000, or from \$34.63 per ton to \$38.96; i. e., \$4.33, or only 12.5 per cent, in 10 years.

Far-reaching effect of reciprocity.—The reciprocity program not only places all news-print paper on the free list, but about three-quarters of the whole industry. The very portion that is most in need of protection, viz, that made from wood, is to be exposed to our most formidable competitor. The manufacture of news print and several other grades of paper must be largely surrendered to the Canadians, and the whole industry will be shaken to its foundations. If the duty had been taken off 10 years ago, instead of this enormous addition to the national wealth, it is extremely doubtful if the industry would have more than held its own and remained stationary. Under existing conditions, if the duty is now removed, it is certain that not only further development will absolutely cease in news-print paper production and kindred grades, but also that production will positively recede. Is this a matter of indifference to the people of this country? It is not too much to say that the committee has the fate of this industry in its hands. To say nothing of the loss inflicted on stockholders, there are about 100,000 people employed in the industry, very many of whom will be injured by loss of work, partially or completely, and loss of their investment in homes.

COST OF PRODUCTION IN THE UNITED STATES.

Normal cost proper basis for protection.—Table 5 shows the cost of production of ground-wood, sulphite-fiber, and news-print paper in the United States by classified rates of cost per ton and the percentage of output at each rate. This is a most important table, as it allows persons with divergent views as to the degree of protection proper to be afforded to determine each for himself where the line should be drawn; i. e., what proportion of the industry should be protected. If protection is to be based on the average cost, it means that one-half of the industry will be unprotected. This is a most exacting standard. If two-

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thirds is to be protected it leaves one-third exposed and to shift for itself as best it can. By glancing at the last column of Table 5 it is easy to see what is a normal cost as distinguished from the average cost; thus the average cost of news-print paper is \$32.88 per ton, but I would call the normal cost \$34. A duty fixed on this basis would leave about 33 per cent unprotected. In an industry that has increased 140 per cent in 10 years it is fair to assume that at least two-thirds of the plants must be reasonably efficient, and thus entitled to protection. Any more rapid elimination of plants would simply be wastefully annihilating capital, as the meager profits prevailing in this industry render it impossible to get a complete return of the capital invested without prolonging the life of the plant and equipment to the utmost limit. The larger the profit the more rapidly an industry can and will make replacements in equipment. On the basis of leaving one-third of the productive capacity entirely without protection and protecting only the normal cost of, say, \$34, the duty on news-print paper without any allowance for profit, should be \$6.50. This would still give the average existing Canadian mill an advantage over one-third of our mills in our market, and the Canadian mills of the future will produce paper cheaper than their average mill of to-day.

The wide range in the cost from \$24.50 to \$43 per ton is partly explained by the wide range in the cost of ground wood pulp, due to variations in cost of wood and irregularity of power, and, in the cost of sulphite, due to variation in the cost of wood and in the size of digesters, both of which variations are carried into the cost of paper, and is further explained as to the item of labor by Table 6, which shows a wide range in the cost of labor in both kinds of pulp and paper, but the per cent of very high and very low labor is small, the cost for the greater part being uniform.

Extreme costs misleading.—Finally, Table 5 shows in the total costs of production that the percentages at both major and minor extremes, not only in regard to paper but pulps, are small, and also shows that the great bulk of each kind of product is produced within comparatively narrow and reasonable ranges. These extreme costs are thus exceptional and should be disregarded, and attention concentrated on what appears to be the normal costs. This is a more practical and common-sense way of looking at the subject than considering abnormal conditions.

This study of the industry as a whole is not only pertinent, but necessary, as the Tariff Board does not pretend to say or recommend what duty is justifiable or desirable. This committee is not charged with fixing the duty on pulp or paper, and it is therefore proper that we should point out to the committee what, in our opinion, constitutes a true measure of the protection which is our due, and of the injustice to us that this reciprocity bill carries with it.

COST OF PRODUCTION OF PULP AND NEWS PRINT IN CANADA.

By referring to Table 8 it will be seen that there is similarly a large variation also in Canada in the total cost of pulps and paper and in the various items of cost, although not as large as in the United States, which latter fact is principally accounted for by the more uniform price of wood and of labor conditions in Canada.

Lower cost in Canada due to cheaper wood.—Referring to Table II, the first two columns give the lowest cost for each country. The lowest-cost United States mill has exceptionally low wood, the mill probably being situated on the frontier and putting in the wood at actual cost, without profit on timberland. There are but three or four mills in the United States with such cheap wood, and it is improbable that any more mills can be built in the United States where wood can be obtained so cheaply.

All of which goes to show that the crux of the whole matter is not efficiency of plants or cost of labor, although these are important factors, but that cheap wood makes cheap paper. The Canadians have had cheap wood, because their governments practically carry the investment for them, and now the provincial governments are further helping to build up the industry by shutting us off from competing for their wood with the Canadian mills.

Canadian cost \$5.35 less than United States.—Comparing the average cost in the United States and Canada, we find Canada makes a ton of paper on the average \$5.35 cheaper than we do. In discussing this table the report says:

"The first thing that seems significant is that the difference in cost of wood per ton of paper is practically the difference in the total cost. * * *

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"The average cost of production of news print in Canada is \$27.53 per ton; in the United States \$32.88. The difference is \$5.35, of which \$4.71 is accounted for by differences in cost of wood as raw material in the pulp, etc."

Labor cheaper in Canada.—Other differences are comparatively trifling and actually offset each other, indicating that, as conditions now stand, the cost of converting pulps into paper is the same in both countries. This is substantially so, also, for converting wood into both ground-wood and sulphite pulps; but nevertheless Canada has another by no means negligible advantage, which is at present not fully manifest on the surface in the cost of production, and that is lower wages for labor. United States wages average, according to the data presented in the report, 27 per cent higher than Canadian, and this is equivalent to \$1.50 per ton of paper in favor of Canada in converting wood into pulp and then into paper. This disadvantage is apparently reduced in actual practice at present by reason of better management on our part, or more efficient plants, to about 62 cents per ton. There is a difference in the ground-wood mill of 45 cents; in the sulphite mill of 63 cents. These differences, carried forward in the proper proportions and added to the 8 cents difference in the paper mill, amount to 62 cents. So it is not correct to say, as has been done in the newspapers, that the labor difference in a ton of paper is only 8 cents. The fact is, the true measure of the difference is \$1.50, of which all but 62 cents is overcome by us by better management and more efficient equipment; but new Canadian mills will enjoy the full advantage, due to lower wages.

By combining properly the labor cost in the pulp mills with that in the paper mills, and including routine repair labor, it appears that the actual average labor in a ton of paper made in the United States is about \$7.15, or about 22 per cent of the total cost, not including pulp-wood operations in the forests.

INTERMEDIATE PROFITS AND COST OF WOOD.

The report shows that the profits on pulp offset each other in the two countries, and therefore do not affect the comparative cost of paper.

WOOD PROFIT AND STUMPAGE IN GROUND-WOOD PULP.

Profits on wood not a factor.—In the United States 78.9 per cent of ground-wood pulp carried into the cost an average stumpage cost for wood of \$1.16 per ton of pulp, which is about \$1 per cord for stumpage. This is a very low figure for the value of stumpage in the United States and in general must be based not on the present actual value but on the original purchase price of the timberlands. In Quebec the stumpage charged by the Government is only 65 cents per cord, and in Ontario usually 40 cents.

POUNDS OF MATERIAL PER TON OF NEWS PRINT PAPER.

Waste not a factor.—The report shows that substantially the same quantity of material is used both in the United States and Canada to make a ton of paper. Therefore it is not a sound argument to say that our mills should not have protection because of wastefulness, as a certain waste is obviously unavoidable, as every mill in both countries shows practically the same results. In discussing this point the report (p. 49) says significantly:

"Sometimes it costs more to save waste materials than it does to lose them."

And finally it says:

"Some of the most advanced manufacturers are attempting to improve their plants in this regard, but in view of the high cost of equipment and labor it is still a question whether or not this will prove an economy."

It is hardly reasonable to suppose that manufacturers who have set the pace for the world are not alive to the importance of economy of materials used in manufacture.

EFFICIENCY OF EQUIPMENT IN PAPER MILLS IN THE UNITED STATES AND CANADA.

Paper machines only one of many factors in efficiency.—The discussion is confined to paper machines per se. To be convincing as to comparative efficiency of plants in the two countries the investigation should have covered other features

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of the equipment, which are quite as important, viz, the grinders in the ground-wood mill, which vary greatly in output per horsepower and per wage unit, the digesters in sulphite mills, and the steam plants. In fact, every part of the equipment affects the efficiency. Table 17 indicates an extreme variation in cost of labor per ton of paper of \$1.02, due to differences in the capacity of paper machines, but this may be largely offset in smaller or slower machines by savings in other respects, as, for example, in the cost of power to drive the machines and in the felts, wires, and other supplies with which it must be equipped, and interest on investment. Moreover, this table appears to be based on capacity rather than performance, and is therefore theoretical rather than practical.

Probably the resultant of all considerations is in favor of large fast-running machines, but even this point is disputed by some practical manufacturers. But by no means will we concede that the size, age, or speed of a mere paper machine are the controlling factors in the efficiency of a plant. A machine controls its own efficiency and that is all. The whole story is told in the total cost of converting raw material into finished product.

Total efficiency greater in United States than Canada.—Table 18 shows that Canadian mills have at present a slight advantage in the matter of mere paper-machine equipment, but, as already stated, this is but one of many factors in the cost of converting the raw material into the finished product, and notwithstanding this disadvantage and the higher rates of wages the total average cost of converting wood into paper was in the United States a trifle less than in Canada.

Naturally the average age of machines in use in the United States is somewhat greater than in Canada, as the industry is older here. The United States average is 12.7 years; the Canadian, 7.2. Certainly 12.7 years is not excessive in view of the great cost of machines and the small margin of profit from which to create a depreciation or replacement fund. If 12 years is too old for a paper machine, why not also for the whole equipment or most parts of it. The money is not in the business to scrap our mill equipments every 5 or 10 years and then rebuild them.

Perfect efficiency impracticable.—While a few machines can produce 50 tons daily each, as against an average of 27.8 tons for the industry, such an attainment of product has only been accomplished within about five years, and it must naturally take a long time to replace all existing machines with such maximum producers. Too great haste would only make waste of capital. It is folly to suppose that any great and growing industry can, in all its parts, be on a plane of 100 per cent of efficiency. Nothing like such a condition prevails anywhere in the industrial world, certainly not in the publishing business.

If such a thing were feasible in any field, it would most likely be first demonstrated in the upkeep of the navies of the world, and yet our warships, and every nation's, on an average, are far from up to date.

Proof that lower cost in Canada is due to cheaper wood—not to greater efficiency in plants.—Before leaving the subject of efficiency, I think I can conclusively prove that we do not need or ask protection for "antiquated, out-of-date" mills and machinery; in other words, that our mills, on an average, are not antiquated, are not out of date, and are much too good for the junk heap. I start by taking the average Canadian mill as the measure of efficiency, because they are our most formidable competitors; their mills have mostly been built within 10 years; their paper machines average only 7.2 years of age. The Tariff Board says they are a little better than ours, and I have heard no suggestion that they are only "fit for junk"; and, finally, their wages are lower than we pay. If our mills are proved to be as efficient as those of our strongest competitor, it can not be thereafter reasonably claimed that our duty is protecting inefficiency. I refer you to Table II, page 39, of the report. My claim is that, giving our average mill wood at the same cost as the Canadian average mill, it amounts to eliminating entirely the factor of wood, and that alone from the problem, leaving for comparison all other items which together make up the cost of conversion of wood into paper, which conversion constitutes or measures the efficiency of the plant as a whole. The results are as follows:

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	United States.	Canada.
Average cost ground-wood pulp, per ton, with equal cost for wood.....	\$10.06	\$9.56

Canadian advantages in ground mill wood, 50 cents per ton of pulp.

	United States.	Canada.
Average cost sulphite pulp, per ton, with equal cost for wood.....	\$26.54	\$26.47

Canadian advantage in sulphite mill, 7 cents per ton of pulp.

	United States.	Canada.
Average cost of ground wood per ton of paper.....	\$9.16	\$8.49
Average cost of sulphite per ton of paper.....	7.16	7.41
Average cost of other materials per ton of paper.....	.84	.99
Total cost of materials.....	17.16	16.89
Average cost manufacturing labor in paper mill.....	3.27	3.19
Average other costs.....	6.87	7.45
Total cost per ton of paper with equal cost for wood.....	27.30	27.53

Advantage of average United States mill over average Canadian mill, with wood at same cost, 23 cents.

What, then, becomes of the assertion that our mills are a lot of antiquated collections of junk?

EFFICIENCY OF LABOR IN CANADA.

New mills in Canada will have cheaper labor and cheaper wood than best United States mills.—The situation as to labor in Canada is well described in the following quotations from the report:

"The general managers and superintendents are, for the most part, Americans of wide experience. * * * The skilled men, the machine tenders, and other hands who operate the paper machines are, as a rule, Americans brought here from the United States for the purpose. They are paid American rates of wages, although, in several instances, the rates are for a 12-hour shift instead of for an 8-hour shift, as in eastern United States. Excepting for the comparatively small number of skilled men necessary to operate the paper machines and the mechanics employed on repairs, the great majority of the men employed in the paper and pulp mills are unskilled and receive the pay of unskilled laborers. A study of the comparative wage tables in the report shows that the average rates of pay of unskilled men are lower in Canada than in the United States.

"It would seem, then, that with modern mills, American machinery, American-trained managers and superintendents, and American skilled operators, together with lower rates of wages for unskilled men, the Canadian manufacturing labor cost per unit of production in the modern and well-equipped mills of Canada would be considerably lower than in the modern and well-equipped mills of the United States.

"The tables show, however, that the Canadian labor cost per ton of news-print paper is only slightly lower on the average. * * * This indicates that there is greater efficiency and experience in the first-class mills of the United States."

I may add that these conditions can not be counted on long prevailing, as new mills in Canada will have greater efficiency than those existing, and there will be no new mills in the United States to keep our efficiency on an equality with Canada.

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WAGES AND HOURS OF LABOR IN THE PULP AND PAPER INDUSTRY.

Higher wages and shorter hours of service in United States.—Table 69 gives the hours worked per day or per shift in both countries. The eastern mills are on a plane of higher wages and shorter hours than the mills in the Lake States, and since the removal of protection would naturally first affect the better conditions of labor in the eastern mills we omit comparison of Canadian wages and hours with those in the Lake States.

Of the employees in the Eastern States, 59.8 per cent work three shifts of 8 hours, in Canada only 22.7 per cent; in Eastern States only 8.5 per cent work two shifts, in Canada 52.3 per cent; in Eastern States 21.6 per cent work by the day of 9 hours and 9.6 per cent work 10 hours; in Canada none work 9 hours and 21.6 per cent work 10 hours. Thus employees in Eastern States work under much more favorable conditions than in Canada as to hours.

Table 71 gives the per cent of employees paid various rates of wages. It can be seen at a glance that a much higher per cent of employees in the United States receive relatively higher wages than in Canada. For example, only 17.5 per cent receive less than 17½ cents per hour, compared with 70.7 per cent in Canada.

The board has not summarized the whole table, but we have done so, and it shows an average hourly wage in the Eastern States of 24.43 cents and in Canada of 19.16 cents, or 27.3 per cent more for the Eastern States than for Canada. This is equivalent to an absolute Canadian advantage of \$1.50 per ton of paper. The average hourly wage for the Lake States is 19.19 cents, or just a trifle more than for Canada.

The report says:

"It will be noted, however, that in the case of every group wages per hour are higher in the Eastern States than in the Lake States or in Canada. The wages in the groups of occupations in which the proportion of skilled employees is large—as, for example, occupations in news print paper mills—are shown to be higher in Canada than in the Lake States, while the contrary is true of the wages in the groups of occupations in which most of the employees do work requiring little skill or training. This is probably due to a relative scarcity in Canada of skilled workers."

It will thus be our skilled workers who will be drawn to Canada by the development of the industry there, as has been the case in the past.

PRICES OF NEWS PRINT PAPER.

Only slight increase in prices.—The data as to prices cover only a small proportion of the output, probably less than one-third, but they indicate that there is no basis for charging that prices are unduly high, especially considering that wood has about doubled in value and wages increased probably 50 per cent in 10 years. Table 19 shows that in seven large eastern cities 122,494 tons of paper sold at an average price per ton, delivered, of \$42.30 in 1901 and 198,000 tons at \$44.31 in 1911, an increase of only \$2.01, or less than 5 per cent in 10 years, while in other eastern cities an actual reduction of 87 cents per ton is shown.

Table 20 would seem to show a more decided increase in the large eastern cities, but it will be seen that the quantities from 1901 to 1906 are not adequate to represent the market. If this table were merged with the previous summary for the "seven cities," it would not materially change the deductions from that table. The two tables by comparison simply show a considerable variation in price prevailing at the same time, which, if it has any significance, tends to prove the absence of any collusion among the mills.

Table 21 seems to indicate an insignificant increase of price in 10 years in middle western cities.

The report says:

"It is also noteworthy that the average price for the smaller cities shows practically no change in the prices during the 10-year period; if anything, a lower level at present compared with the beginning of the decade, the price in 1900 being \$46.38 and \$45.39 in 1911. This is obviously explained by the fact that the low prices shown in the earlier period are due to the long-term contracts made with the metropolitan dailies."

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This means, and it is a fact, that the great dailies have been buying their paper lower than the mill could properly afford to sell it for, and to partly compensate they have had to charge the smaller papers a relatively higher price. If the larger papers have to pay in future a fairer price, allowing a reasonable profit to the manufacturer, the smaller papers will be the gainers as well. Cheap paper allows the metropolitan dailies to overshadow the papers in the smaller cities and country towns.

COST OF PRODUCTION EXTENDING OVER A SERIES OF YEARS.

Great increase in cost of raw materials and labor.—Table 24 shows that the cost of raw materials in the sulphite mills in the United States covered by the schedule was \$16.71 per ton of sulphite in 1901 and \$25.90 in 1909, an increase of \$9.19. It is significant that the cost of conversion has been actually reduced in spite of the great increase in wages, which is a matter of common knowledge, and of an increase in the price of fuel and other items over which the manufacturer has no control. This certainly demonstrates that our mills and management have been improving in efficiency to be able to overcome such handicaps.

Table 25 shows for ground wood similarly an increase in cost of wood of \$5.34 per ton of pulp. The total cost of ground wood increased in the 10 years \$5.74 per ton, which is substantially the increase in cost of wood.

Overcome by improvements in plant.—Table 26 shows an increase of \$4.71 in the cost of materials in a ton of paper, while the cost of conversion has been kept stationary and the total cost of manufacture has increased only \$2.71 per ton, while the one item of wood has advanced about \$7 per ton of paper. To have overcome to such an extent the increase in cost of wood and in wages ought to make it obvious that the industry has not deteriorated, but, on the contrary, has improved in efficiency. There has been no general increase in the price of paper at all incompatible with the increase in cost of production. Tables for other groups of mills indicate even a greater increase in cost than shown by the tables already considered.

CAPITAL INVESTMENT AND REASONABLE PRICE FOR PAPER.

The report says that "it may be stated as an approximation that the annual product (at average cost of mill) is not far from one-half the necessary capital invested." This, in our opinion, rather understates the disparity. But accepting it as a basis for calculating what a reasonable price and a reasonable margin of profit are, it means that the profit on sales must be twice the necessary profit on capital. A bare 6 per cent on investment would call for 12 per cent on sales, but to insure against contingencies, such as droughts, floods, strikes, forest fires, and many other unfavorable conditions sure to arise, 10 per cent on investment should be the basis in order to insure an average return of 6 per cent year in and year out. This means 20 per cent on sales.

Present prices too low for reasonable profit.—We have seen that the average cost of a ton of news-print paper in the United States is \$32.88. The board allows \$1.75 per ton additional for depreciation, this being 3 per cent per annum on the actual cost of the plant, or a life of 33 years. They also allow 60 cents per ton for interest on working capital. The cost of administration, selling expense, freight, cartage, storage, settlement charges, as given in table 31, amount to \$5.44 per ton. This is conservative. These additional charges bring the average cost of paper delivered to the publisher up to \$40.67, say \$40 per ton, in round numbers. As shown above, 20 per cent must be earned on sales to insure the modest return of 6 per cent on investment. Twenty per cent on \$40 is \$8. Thus \$48 per ton would be the minimum average price sufficient to maintain the average mill, but, as a matter of fact, the average price as indicated by the tables and confirmed by common knowledge is less than \$45, or at least \$3 under the reasonable price.

Violation of party pledges.—If the President and Congress stood by the platform of the Republican Party and by the results of their own Tariff Board's investigation, the duty should be \$13.35 to cover the difference in the average cost plus a reasonable profit. Instead of this, solely through the machinations of a clique of avaricious publishers our meager duty of \$6 under the Dingley tariff was cut down to \$3.75, and now they demand as the price of supporting

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reciprocity that we shall be stripped of all protection, knowing full well that it means the expatriation of the industry and thousands of wage earners.

Exit paper industry.—Abandoned mills and homes would be the monument of their greed and a lasting reproach to the President and legislators should they give it recognition and effect. If we had the power to appeal to the people of the country, we believe they would rebuke in indignation the instigators of such an outrage. The present issue involves the fate of a great industry.

CHESTER W. LYMAN.

STATEMENT OF INTERNATIONAL PAPER CO., NEW YORK, N. Y.

NEW YORK, N. Y., January 25, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Committee of Ways and Means:

Beginning on page 2251 of the hearings of January 17, 1913, on Schedule M, is a statement by Mr. John Norris in which there are numerous allusions to the International Paper Co. Without specifically answering all such allegations as relate to this company, we wish to call the attention of your committee to the fact that Mr. Norris has for 14 years been making accusations of a similar nature, which, if true, ought to have resulted in the prosecution of the International Paper Co. and conviction for violation of the so-called Sherman antitrust law; but the company has courted and facilitated investigation on every occasion offered, and no disclosures have been made which in any way substantiate Mr. Norris's claims. On the contrary, they have been mostly proved to be false, and we believe that to-day he should stand as discredited and his statements as unworthy of belief. We have been examined by a Congressional Industrial Commission, by the Judiciary Committee of the House, by a Select Committee of the House (the Mann committee), and we have appeared a number of times before your committee and the Finance Committee of the Senate. Data submitted by Mr. Norris to the Department of Justice in 1904 was rejected as a basis for proceeding against us, and finally, in 1911, the Department of Justice made an exhaustive investigation of our books and correspondence, the results of which, we understand, afforded not the slightest basis for the complaints which had been preferred against us. We hold that the failure of Mr. Norris to make good his assertions in these numerous instances really constitutes a refutation of his present charges which are substantially but a repetition of those made and disproved many times in the past.

We propose, therefore, not to enter upon any extended or complete statement of details, but do respectfully refer your committee to the data which is already on record in official Government documents; more particularly the report of the Mann committee which contains a reprint of our statement before the Judiciary Committee in 1904, our statement of November 21, 1908, before your committee and statements supplementary thereto, and statements before the Finance Committee February 24, 1911, beginning on page 295, and June 6, 1911, beginning on page 1378 of the hearings on the reciprocity bill. We would especially call your attention to the review or analysis of the Tariff Board, report on the paper industry, submitted by us and printed in the volume of hearings of your committee of January 17, 1913, beginning on page 2414. This last-mentioned document embraces all the principal facts which we have to advance in favor of the maintenance of a fair duty on news print paper. Based on figures and facts, which we regard as incontrovertible, the argument, reduced to its simplest form, is that there should be a duty on news print paper because under fair, average and normal conditions it costs upward of \$5 more in like establishments to make news print paper in the United States than in Canada; that the lower cost in Canada is due primarily to cheaper wood, the lower price for wood in turn being due (1) to the small demand compared to the supply in Canada relatively to the demand compared with the supply in the United States, and (2) to the fact that most of the Canadian wood is controlled by the provincial governments and that the price is fixed not on a commercial but on an arbitrary basis.

In effect, the industry in Canada is subsidized, an advantage which is absolutely insurmountable. In addition, but relatively of less importance, is the fact that labor is somewhat cheaper in Canada. As measured by rates of wages the Canadian advantage appears to be \$1.50 per ton, but this is largely overcome in American mills by superior efficiency of plants and management. That the average efficiency of manufacturing plants in the United States is at least equal to the efficiency of those in Canada is proved from data in the Tariff Board report by the fact that if the average

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price of pulp wood were the same in the United States as in Canada the United States mills would produce paper as cheaply as Canadian mills in spite of paying higher wages.

Mr. Norris in his statement quotes from a letter sent out by the International Paper Co., March 22, 1911. In this letter it was stated that the provisions of the reciprocity act in respect to paper could not but be a serious and destructive blow to the paper industry of the United States and transfer a large portion of it to Canada. So far from disavowing this statement, we emphatically reiterate it. Any tyro should know that great economic changes do not ordinarily work out their results in a day. The destruction, however, is going on at an alarming rate, and it will not be long before even those most indisposed to heed the warning will see results the we predicted. There is not the slightest doubt in the mind of any well-informed person that by reason of having cheaper wood Canadian mills can produce paper cheaper than all but three or four United States mills situated near the Canadian border and having equally cheap wood, nor is there any doubt that without any duty Canadian paper will inundate this market. When there was a duty of \$6 per ton, Canadian mills were able to sell paper in this market at a profit at prices less than prevail to-day. The reduction of duty to \$3.75 stimulated the industry in Canada and resulted in the importations into the United States increasing. The almost complete removal of the duty by the reciprocity act has produced a boom in paper making in Canada, and the rate at which paper is at present coming into our market is twice what it was a year ago and is bound to increase by leaps and bounds. The present rate of importation is approximately 10 per cent of the production of United States mills. In two or three years it is likely to be 25 per cent, and so on until the bulk of the paper comes from Canada. This prediction is based upon knowledge of the projects already on foot in Canada and in contemplation, and the opportunities for still further development. Nothing but a fair duty can prevent this unprecedentedly rapid transfer of a great industry to foreign soil being attended by disastrous results to labor and capital in this country. To avert such disaster the immediate repeal of the reciprocity act is absolutely necessary. Besides being flagrantly unjust to our industry, it accords a privilege to Canada which is undeserved and unrequited. The treatment of American interests in Canada has been harsh and unfair. Not only have our several concessions been met by more stringent restrictions, but several of the Provinces have practically in a measure confiscated American capital by their restrictions upon the exportation of pulp wood. This company and other United States interests have in the past invested extensively in Crown timberlands, in many cases paying a bonus directly to the Government for the express and well-known purpose of taking pulp wood therefrom into the United States. We are now arbitrarily forbidden to do so, in violation, we believe, of our vested rights, but redress in Canada appears to be impossible to secure. We hope your committee will give due consideration to this phase of the question.

We deny that we have ever knowingly furnished any false data at any hearings of your committee or on any other occasion. We have always used the most reliable data available and treated it with every intention of fairness. Whatever conclusions we have deduced from incomplete data have been substantially verified by subsequent official figures. On the contrary, we affirm that in the artifice of distorting facts, not to use a harsher term, the paid agent of the Publishers' Association is an adept. We will give just one example to show the absolute unreliability of the testimony given by Mr. Norris, even under oath: On page 2253 of his brief, under the caption "False reports of the cost of wood," he says: "To you the company (International Paper Co.) reported the cost of wood at a figure which was approximately \$3 per cord in excess of the cost shown by the statement appearing in the Congressional Record of 1909, page 3554, wherein Mr. Lyman submitted reports of accountants showing that the International Paper Co. wood had cost an average of \$4.95 per cord, though costs appeared on the paper company books at about \$8 per cord." This statement was intended to, and could not fail to, carry to your minds the conviction that the company represented to the Senate that it was paying \$4.95 per cord and represented to your committee that it was paying at the same time \$8 per cord. The reference to the Congressional Record is incorrectly given, doubtless unintentionally. The only data to which Mr. Norris can possibly refer appears on page 3480, and consists of a letter from certified public accountants certifying that they had made examination of the books, records, and accounts relating to the cost of wood operations for the season of 1908 of the following-named companies: St. Maurice Lumber Co., Three Rivers, Province of Quebec, Canada; St. Maurice Lumber Co., Batiscan Station, Province of Quebec, Canada; St. Maurice Lumber Co., Pentecost River, Province of Quebec, Canada; Miramichi Lumber Co., Chatham, New Brunswick, Canada. The letter

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states as follows: "Our examination was made for the purpose of ascertaining the actual cost per cord of rough wood of each of these operations, the costs to include all expenses of forest operations, driving, rafting, and booming Crown and company stumpage, depreciation on river improvements and booms, general expenses, etc." The accountants then certified the average cost per cord at each of the points specified. The weighted average of all amounts to \$5.15 per cord. Now, this statement was submitted by us to prove what the cost of wood was in Canada in 1908. At the same time, evidence was submitted under oath to show that the cost of bringing Canadian wood to United States mills was from \$3 to \$5 per cord. The companies examined by the accountants are subsidiary pulp-wood companies of the International Paper Co. The examination showed the actual cost of wood to these companies at various points of preparation in Canada, allowing nothing to these companies for interest on the capital invested in plants and timberlands, nor the cost of transporting the wood from Canada to the United States mills of the International Paper Co., which would make a cost delivered to the International Paper Co. at least as high as the figure which we represented to your committee we were paying on the average for all our wood, as stated by Mr. Norris, namely, about \$8 per cord. In other words, the International Paper Co. showed to the Senate the cost of its wood in Canada and to your committee the cost of its wood delivered at its mills in the United States. Mr. Norris tried to make it appear that our statements were contradictory, whereas they were, in fact, confirmatory of each other. This falsification by Mr. Norris appears to us to be a violation of his oath taken before your committee.

We wish to reaffirm, as we have on numerous occasions, that our export business has always netted us on the average as much as our domestic business, and never have we sold paper abroad at a less figure than that at which we were at the same time making domestic sales. Mr. Norris has several times cited a contract at one time held by us to supply paper at Sheffield, England. At that time we were selling thousands of tons of paper delivered in New York at a less price than the Sheffield order netted us at the mills.

The efficiency of the mills of the International Paper Co. is higher than ever before, due to the improvements which it has been continually making. The statement that our plants are antiquated is absolutely false. The age or size or speed of the paper machines is comparatively unimportant compared with all the physical features of the pulp and paper plants. Our policy has been to improve our facilities for making pulp, to improve our water powers by regulating the flow of the rivers, to equip our mills and premises with labor-saving devices; in other words, to balance plants and improve their efficiency as a whole. The soundness of this policy is determined by the fact that while the prices of wood has nearly doubled and wages for labor have much more than doubled, we are making paper to-day at only about 15 per cent higher cost than in 1900, and if we paid no more for wood than the average Canadian mill pays, we would make paper just as cheaply as they do.

If your committee desires further information relevant to the revision of the tariff in regard to our company or the news print industry, we will gladly place ourselves and our records at your disposal.

INTERNATIONAL PAPER CO.

BOOK PAPER.**TESTIMONY OF JOHN T. WHEELWRIGHT, REPRESENTING THE
GEORGE W. WHEELWRIGHT PAPER CO., OF BOSTON, MASS.**

The witness was duly sworn by the chairman.

Mr. WHEELWRIGHT. Mr. Chairman and members of the committee, I represent the George W. Wheelwright Paper Co., which does not make news print paper. The gentleman who preceded me in the interest of cheaper news print paper scalped a very large amount of the industry that he was not going after, by showing that when section 2 of the reciprocity act was passed it was made to apply to all kinds of paper up to 4 cents a pound.

I have filed a printed brief with you. That brief is printed upon a paper which sells, at wholesale, at 4 cents a pound, and pretty much

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all of the book paper which you find in your books sells at that price. So this is what happened: For a long while the people of Canada have been anxious to reserve their pulp wood, to be made in Canada into pulp and paper; for a long while the people of the United States have been anxious to get pulp wood from Canada, and they were getting it for manufacture until the Provinces there applied certain restrictions to the Crown lands, restricting the export of pulp wood from those particular Provinces, those Provinces, of course, having no jurisdiction over the freehold lands.

When the commissioners who were appointed to arrange the reciprocity treaty came together, the Canadian commisisoners said, "We can not control the Provinces as to the disposition of these export duties upon the Crown lands," their system being entirely different from ours. Of course, under our Constitution we can have no export duties, and under the Canadian constitution the Provinces do not hand over such matters to the Federal Government. So it was agreed between the countries, it being considered desirable by the Canadians to get their pulp and paper into the United States, and it being considered desirable in our country to get pulp wood from Canada, that when these restrictions were taken off the Crown lands by the Provinces that then and in that case only reciprocity should apply, that these products, up to 4 cents a pound, should be mutually exchanged between the two countries. As the result of that a paper maker in the United States whose product was composed largely of this pulp wood, began to send his paper into Canada and his pulp into Canada, and the Canadian paper makers would do the same thing, and then all the export duties would be removed from all the Crown lands in Canada. That was what the treaty agreement was, as made between the high contracting parties. But what happened when we came to legislate?

For the first time within the history of this country, so far as I know, when the agreement was put into the form of legislation, Canada was given the whole thing and we were given nothing. And no sooner was provision made to enforce the removal of all the export duties from all the Crown lands, and it was predicted at the hearings before the Finance Committee of the Senate by various people that in case section 2 was passed in the form in which it was finally passed, two things would happen. The first was that in the neighborhood of the Canadian paper mills the Canadian provincial government would release piecemeal from the export duties the Crown lands, and thus Canada would hold the faucet and pour paper into the United States, but would exclude pulp wood. And that is exactly what has happened. I refer you gentlemen to the exhibit at the back of my brief, Exhibit A. I will not read it all to you; it is copied from the Official Gazette, and I have the original letter here containing the order in council of the Canadian Government, Province of Quebec. It is not so very long, so I think, if you gentlemen do not mind, I will read it in its exact words:

It is ordered that the obligation to manufacture in Canada any timber cut on Crown lands, as enacted by article 13 of woods and forests regulations, shall not apply to the timber cut from the first day of May, 1911—

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Mind you, not from the 31st of December, but retroactive, and applying to all timber cut on Crown lands—

and which will be cut hereafter on the timber limits hereinafter described; and that all pulp wood cut from the first day of May, 1911, or which will be cut hereafter on the said timber limits, or the paper, paper board, or wood pulp manufactured from the wood cut on such timber limits may be exported free of any export duty, or any other charge of any kind whatsoever, or any prohibition or restriction in anywise relating to such exportation.

Then follows a description of timber lands in four different parts of Canada, which are, as I am informed, quite large areas.

Here is the Quebec Chronicle for December 31, 1912, which speaks of this recent order in council. I will not read the whole of it, but it is headed "Evade United States customs." And it gives the story of the order in council, and it ends up:

No general lifting of embargo. That the lifting of the embargo is not general is explained by the following facts: Canadian manufacturers who want their paper to enter the States duty free can do so only by convincing the Washington Government that this paper is manufactured from wood cut on freehold lands. Some mill owners draw all their supply from freehold lands, while others draw part from freehold and part from Crown lands. In the latter case, then, they see part of their product enter free, while the rest is subject to duty. As is natural, those Canadians who get their material from the lands where there is no embargo have no desire to see the removal of the restrictions on the Crown lands, and the policy which has been adopted is said to be due to them. By this it is thought that the limit holders will be enabled to get entry for their paper, but will, it is understood, see that no wood is exported from their holdings even though the restrictions are removed. It remains to be seen if the astute Uncle Sam is likely to be flimflammed by any transparent device.

Now, that is the ridiculous mouse that has come out of the labor of the mountain. Instead of getting pulp wood from Canada we find pulp wood restricted to the mills to be made into paper and to be sent in here, and we have got absolutely nothing and no chance of getting anything out of this section 2.

Therefore, in behalf of the interests I represent I respectfully request your committee to consider the repeal of this section 2. Now, there is another point.

The CHAIRMAN. Your time is up, but I would like to ask you a question. You are engaged in the manufacture of this same class of paper that we have been talking about?

Mr. WHEELWRIGHT. No newspaper paper at all.

The CHAIRMAN. You are not engaged in the manufacture of that at all?

Mr. WHEELWRIGHT. No, sir. As I explained in the beginning, this paper comes in up to 4 cents a pound and the news print paper, as has been testified, is selling at \$2.10.

The CHAIRMAN. Then you do not know anything about the cost of production?

Mr. WHEELWRIGHT. Of news print paper?

The CHAIRMAN. Yes.

Mr. WHEELWRIGHT. No; but I wish to state that so far as our industry is concerned we would consider ourselves subjects for a lunatic asylum if we did not have the most up-to-date machinery.

Mr. HARRISON. I note in your brief, under the head of "Table," a list of materials upon which you claim tariff rates have to be paid, and if you examine that list you will see that bills have passed the House of Representatives, and will probably be before us for consideration

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again, which will materially reduce the tariff duties upon almost everything that has to be used in the manufacture of your paper.

Mr. WHEELWRIGHT. I knew that.

Mr. HARRISON. For instance, you take lumber. You probably know that lumber was placed upon the free list; steel castings, etc., a reduction was made there; coal we have not dealt with; wire cloth was cut in two; felts were cut in two; among the chemicals, alum was reduced from 37 per cent to 15 per cent; bleaching powder from one-fifth of a cent to one-tenth of a cent; soda ash from 22 per cent to 11 per cent; for colors, Prussian blue from 43 per cent to 20 per cent; and ultramarine blue from 32 per cent to 20 per cent. So you will observe that if this program goes through, the paper makers will receive some of the benefits of a tariff reduction.

Mr. WHEELWRIGHT. I am very glad to hear that, sir.

Mr. FORDNEY. You do not agree with Mr. Norris that the machinery in our paper mills is old, obsolete, and out of date machinery?

Mr. WHEELWRIGHT. I do not know about other paper mills except from knowledge of the men who conduct them; I know they are intelligent men, and have been in business a good many years. I know it does not pay anybody to use old junk in making any modern thing now, and they would fail pretty soon, even if they had a duty of 400 per cent.

Mr. FORDNEY. It is not true as to your machinery?

Mr. WHEELWRIGHT. No; in our mill the machinery is absolutely modern.

STATEMENT OF THE GEORGE W. WHEELWRIGHT PAPER CO., OF BOSTON, MASS., IN REGARD TO SCHEDULE M—PULP, PAPER, AND BOOKS.

The paper manufacturers of the United States have, since the passage of the last tariff in 1909, been placed in a strange position by section 2 of chapter 3 of Statutes of the United States, Sixty-second Congress, that is, by the legislation in regard to the reciprocity agreement with Canada. This section provides:

"SEC. 2. Pulp of wood mechanically ground; pulp of wood, chemical, bleached, or unbleached; news print paper, and other paper, and paper board, manufactured from mechanical wood pulp, or from chemical wood pulp, or of which such pulp is the component material of chief value, colored in the pulp, or not colored, and valued at not more than 4 cents per pound, not including printed or decorated wall paper, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board."

Under this section such pulp, or wood, or paper now comes in free from Canada, when it is the product of lands in Canada unrestricted by export duty or license fees, and since it is thus admitted, England, Germany, Norway, and Sweden have made claims before our customs court that such pulp, or wood, or paper, the product of lands in these countries unrestricted by like export duties or export license fees, should, under the "most favored nation" clauses in the treaties of these countries with the United States, be entitled to admission into our markets free of duty. As is well known, the failure of Canada to accept the reciprocity agreement did not prevent this section 2 from becoming law, and it is claimed by the other nations that there is no consideration given by Canada for the admission of paper and pulp free into this country. Section 2 was passed notwithstanding the objections of Senator Root, who proposed the following amendment to it, to be added to the end of this section:

"And when the President of the United States shall have satisfactory evidence and shall make proclamation that such wood pulp, paper, and board, being the products of the United States, are admitted into Canada free of duty."

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When the bill of the Sixth-first Congress (H. R. 32216) was being considered by the Committee on Finance of the Senate, Senator Root appeared before the committee and made a statement (S. Doc. 834, 61st Cong., pp. 78-82), in which he referred to a letter written by the Hon. W. S. Fielding, one of the Canadian ministers who participated in negotiating the reciprocal tariff agreement between the United States and Canada (S. Doc. 787, 61st Cong.), as showing the construction placed upon the agreement by Mr. Fielding.

Senator Root, in commenting on this letter, said (S. Doc. 834, p. 79):

"The letter of Mr. Fielding, which is sent with the agreement, appears to me to put upon the provision that construction—that it means that the condition of free admission is that there shall not be any prohibition or export duty upon the class of articles anywhere in Canada. That is what I think Mr. Fielding understands this agreement to mean; and that is, of course, what it ought to mean. This change appears to me designed to take away from the American paper makers the protection that the agreement intended to give them, and that Mr. Fielding understood that it gave them, of having the free admission of paper conditioned upon the abrogation of all prohibitions and restrictions anywhere in Canada, upon the class of articles which were to be admitted free."

The extract from Mr. Fielding's letter, referred to by Senator Root, is as follows:

"The restrictions at present existing in Canada are of a provincial character. They have been adopted by several of the Provinces, with regard to what are believed to be provincial interests. We have neither the right nor the desire to interfere with the provincial authorities in the free exercise of their constitutional powers in the administration of their public lands. The provisions you are proposing to make respecting the conditions upon which these classes of pulp and paper may be imported into the United States free of duty must necessarily be for the present inoperative. Whether the provincial governments will desire to in any way modify their regulations with a view to securing the free admission of pulp and paper from their Provinces into the market of the United States, must be a question for the provincial authorities to decide. In the meantime, the present duties on pulp and paper imported from the United States into Canada will remain. Whenever pulp and paper of the classes already mentioned are admitted into the United States free of duty from all parts of Canada, then similar articles, when imported from the United States, shall be admitted into Canada free of duty." (H. Doc. No. 2, 62d Cong., p. 20, par. 10.)

In a speech made by Mr. Fielding before the Canadian Parliament, in explanation of the agreement, he stated as follows:

"So the matter stands in this way: That they will put in their tariff, as set forth in their correspondence with us, an item that these various grades of pulp and paper shall be made free if there be no regulations, either in the form of an export duty or in the form of the provincial regulations, interfering with the shipments of pulp wood. Whenever that condition arises they will make paper free. We said: 'All right, but that is no good to us; and we will not make your paper free in Canada until you remove the restrictions.'"

Senator Root stated in his argument before the Finance Committee of the Senate—

"The protection of our paper mills is in having the free admission of paper go into effect only when Canada or its Provinces removes all prohibitions upon the export of that kind of article."

The purpose of the Root amendment, which was adopted by the Senate Committee on Finance of the Sixty-second Congress, was to enforce the original agreement by definitely providing that no pulp of wood, paper, etc., shall be admitted into the United States from Canada free of duty until all the restrictions provided in section 2 shall have been removed by the Dominion of Canada and by every Province thereof; and by further providing that when those restrictions shall have been removed like American products shall be given free access to the Canadian market.

If this section, as thus amended, had been enacted into law, the strongest compulsion would have been imposed upon all the Canadian Provinces to remove all restrictions before Canadian paper manufacturers would be given free access for their products into the United States; and, even after the removal of all restrictions, such free access would have been accorded only when manufacturers of paper, etc., in the United States are given like privilege of free access for their products into Canada.

The act contains no reciprocal provision that the products of manufacturers of paper in the United States may ever be admitted free of duty into Canada.

The paper and pulp makers are left with the burden of the tariff upon them, with this free pulp and paper coming in from Canada and with the menace of such pulp and paper coming in free from the other great paper-making countries.

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It was prophesied in the arguments before the Senate Finance Committee when the reciprocity agreement was under discussion, that such Provinces of Canada as then had export duties on such products of their Crown lands would remove these duties piecemeal from the lands contiguous to existing Canadian paper and pulp mills and that the benefit of the removal of all the restrictions from all the Crown lands would not be given to our paper makers.

This prophecy has been fulfilled; within a few days the cabinet of the Province of Quebec has passed an order in council¹ relieving large tracts of Crown lands contiguous to certain Canadian paper mills from export duties and license fees on the exportation of pulp, wood, etc., so that the products of these mills can be brought into the United States free of duty. This condition then obtains, that Canadian Crown lands not yet used for pulp wood, are held untaxed in the hands of the Government and restricted by export duties. As these come into use, the export duties are taken off and the product of these lands then is admitted free into the United States.

Our manufacturers, on the other hand, have to own their forest lands and pay taxes on them, whether immediately available or not.

One can not imagine a system more likely than this to build up Canadian paper manufacturing at the expense of our own, nor a system less likely to bring about the taking off of export duties and license fees from all the Crown lands of the different Provinces.

The provisions of the treaty agreement originally made would, it seems, have brought about the release of all the duties from all the lands, which might have been a benefit to our manufacturers, and when this event took place, under the original agreement each country would have free access for these articles to the other.

Your petitioner respectfully requests that your committee recommends to Congress the repeal of said section 2.

Your petitioner desires to call your attention to the fact that it, like other manufacturers, is a large consumer as well as producer.

In the general scheme of tariff revision it seems proper that, with the idea of raising revenue and reducing the artificial scale of prices, the duties of many imported articles will be considerably reduced. That such a reduction would be for the benefit of the community at large and of the manufacturers in particular, seems to have been the opinion of all political parties in the last campaign, and it seems clear that it is only by such reduction that the cost of the articles consumed in paper making, for instance, can be reduced for the benefit of the consumer as well as of the manufacturer.

The manufacturers of book and card papers have made no combinations but are in keen competition.

The experience of the past 24 years has shown that the consumer of paper has constantly benefited by the lowering of manufacturers' costs, and that the consumer has had almost the entire benefit of the savings of manufacturers as represented in increased plants; the increased production, the essential element of the reduction of costs, being made possible only by increased facilities, requiring large investments.

As an illustration of this reduction, the price of a good quality of uncalendered book paper in 1888 was 6 cents per pound, and is to-day 4 cents per pound wholesale. (This brief is printed on a paper which sells at this price per pound.) Very large importations of book paper would be made if it came in from all countries free of duty.

The industry seems to have reached the point where, while some further reduction in cost of production may be arrived at by improved economical methods of manufacture, the only great reduction of cost possible would be from a reduction in the price of the articles consumed in manufacture. Below is appended the table of duties upon articles consumed in paper manufacture:

Lumber.—Sawed boards, etc., planed on one side, \$1 per thousand and higher as further worked on, up to \$2 per thousand. (Paper manufacturers consume large quantities of lumber in making packing cases, and a great quantity of heavy lumber is used in the construction of mills and works which have to be continually renewed.)

Steel castings, etc.—Steel beams, 0.3 to 0.4 of a cent per pound. Machinery, 45 per cent ad valorem.

Coal.—Bituminous, .45 per ton.

Wire cloth.—At rate of duty imposed on wire, which is 1½ cents per pound, and in addition thereto 1 cent per pound.

Felts.—Valued at over .70 per pound, the duty per pound is four times the duty imposed by the Payne-Aldrich bill on one pound of unwashed wool of the first class, and 55 per cent ad valorem.

¹ See Exhibit A.

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Chemicals.—Alum, duty $\frac{1}{4}$ of a cent per pound. Soda ash, $\frac{1}{4}$ of a cent per pound. Bleaching powder, $\frac{1}{4}$ of a cent per pound.

Colors.—Prussian blue, 8 cents per pound. Ocher, $\frac{1}{8}$ of a cent per pound. Ultramarine blue, $3\frac{1}{2}$ cents per pound.

Wood pulp chemical bleached, $\frac{1}{4}$ of a cent per pound; *unbleached*, $\frac{1}{4}$ of a cent per pound and export duty.

Wood pulp ground, $\frac{1}{8}$ of a cent per pound and export duty.

But your petitioner desires to make clear to you the great benefit which would accrue to it as a manufacturer, were the burden of the tariff on the above articles lightened.

Such a reduction, particularly of the duties on coal, iron, and lumber, would tend to preserve the natural resources of the country and to bring about a decided reduction in the cost of paper. (It is estimated that each ton of book paper manufactured is enhanced in cost some \$3 by the duties upon the factors which go to make it.) The protection which is given to a manufacturer by cheapness of raw material and of articles consumed aids him in all his transactions, domestic and foreign, and enables him to maintain a steady production.

Particularly in regard to coal is a reduction or a taking off of the duty much to be desired. For example, your petitioner makes about 15,000 tons of paper per annum, and consumes in so doing about 15,000 tons of coal. As its mills are situated in New England, it is at a disadvantage in the matter of the price of coal over mills in any other of the paper-making States outside of New England. Even if the price of the coal now consumed is not increased by the whole amount of the duty on it, it is clear that there is some enhancement of cost. The matter of coal prices is largely a question of freights. New England's natural coal fields are in the Maritime Provinces, while western parts of Canada would naturally get their coal from the United States were it not for the tariff line.

Esparto grass is a very valuable fiber for the manufacture of paper. This grass is not grown in this country in any commercial quantities, and should be put on the free list. Pulp made from this grass, which is now subject to a duty of 45 per cent, should certainly not pay a higher duty than chemically prepared wood pulp; but, as it is a pulp which can not be produced in competition with wood pulp, it would, however, be very desirable to place it on the free list. Esparto pulp is made in England to advantage because the grass is brought back, together with ores, by the ships bearing coal to the ore-producing countries which also produce Esparto grass, such as Spain and Algiers. Our commercial arrangements do not permit this interchange.

The cost of manufacturing book paper is not only increased by the above duties on the articles consumed in the process, but by the higher wages paid in this country. Your petitioner's mills are worked on three 8-hour shifts at the old wages paid for 12-hour shifts; more than twice the daily wage is paid than in Great Britain, for instance. When these increased costs are considered it is evident that the duty on the final product is moderate and just.

Were this done a reduction in the duties upon manufactured book paper could properly be made. But while section 2 is law the paper makers are in danger of being compelled to sell in a free-trade market while they buy in a protected one.

In conclusion your petitioner would state that it recognizes the necessity of the Government raising a revenue adequate for its needs, and it feels it to be just that the paper industry should, in common with the other great industries, bear its share of the burden. It believes that the tariff should be so contrived as to cheapen the raw materials of manufacture, to conserve the natural resources of the country, and to bring about a reduction of the artificial prices of all commodities which greatly increase the cost of living, and have of late years made the burden of local taxes exceedingly heavy.

Respectfully submitted.

GEO. W. WHEELWRIGHT PAPER CO.,
By JOHN T. WHEELWRIGHT,
Its Attorney.

BOSTON, MASS., January 8, 1913.

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EXHIBIT A.

QUEBEC, January 10, 1913.

JOHN T. WHEELWRIGHT, Esq.,
19 Milk Street, Boston, Mass.

DEAR MR. WHEELWRIGHT: Mr. Howard, Francis's partner, forwarded me your letter of the 7th January, together with the memorandum annexed thereto, and requested me to furnish you with the information which you require.

The order in council in question was published in the Official Gazette, and I now inclose copy of the order in council taken from the Official Gazette, which would be evidence in any of our courts.

I trust that this will answer your purpose, and remain, with kind regards,

Yours, faithfully,

GUSTAVUS G. STUART.

EXECUTIVE COUNCIL CHAMBER,
Quebec, December 31, 1912.

Present: The Lieutenant Governor in Council.

It is ordered that the obligation to manufacture in Canada any timber cut on Crown lands, as enacted by article 13 of woods and forests regulations, shall not apply to the timber cut from the 1st day of May, 1911, and which will be cut hereafter on the timber limits hereinafter described; and that all pulp wood cut from the 1st day of May, 1911, or which will be cut hereafter on the said timber limits, or the paper, paper board, or wood pulp manufactured from the wood cut on such timber limits, may be exported free of any export duty, or any other charge of any kind whatsoever, or any prohibition or restriction in any wise relating to such exportation.

Lake Kenogami (Plessis), No. 21; Mesy South, No. 26; Rivière-aux-Ecorces, No. 20; Mesy No. 25; River Pikauba, No. 16; Township Dequen, No. 149; Caron, No. 29; Rivière-aux-Ecorces, west; Rivière-aux-Ecorces, east.

River Saint Maurice, No. 6 west; River Saint Maurice, No. 10 west; River Saint Maurice, No. 11 west; River Saint Maurice, No. 12 west; Rivière-au-Rat, No. 1 south; River Wesseneau, A, B, C, D.

Saint Maurice west, No. 13; Saint Maurice west, No. 14; Trenche west, No. 1; Croche west, No. 4; Arrière Croche, B.

Lake Clair, No. 2 west; Lake Clair, No. 2 east; Mattawan, No. 2 south; No. 5 south; No. 5 rear south; No. 6 south; No. 6 rear south; No. 7 south; No. 5 north; No. 7 north; Croche, No. 1 east; No. 3 east; No. 3 rear east; No. 1 west; No. 2 west; No. 3 west; No. 5 west; Bostonnais, No. 1 north; Bostonnais, No. 2 north, half west.

WM. LEARMOUTH,
Clerk of the Executive Council per interim.

STATEMENT BY MR. MCCALL.

Mr. McCALL. Mr. Chairman, before we begin on the calendar this morning I would like to make a statement; and, first, I will ask if Mr. John T. Wheelwright, who appeared on Friday (see p. 2268 of proceedings) to speak on the paper schedule, is here this morning? [A pause without response.] Probably he is not here.

As I remember it, Mr. Wheelwright stated that the paper manufacturers of the United States have, since the passage of the tariff of 1909, been placed in a strange position by section 2 of chapter 3 of the Statutes, Sixty-second Congress—that is, by the legislation in regard to the reciprocity agreement with Canada—and that the Provinces of Canada except particular woods for the purpose of making paper in Canada for importation into the United States from the operation of export duties, so that the paper may be admitted here free, while similarly situated woods, Crown-land woods, still retain the duty, so that those woods can not be exported to this country and used in the manufacture of paper.

The provision of the bill in question was drawn by Mr. Mann, of Illinois, who is capable of stating a proposition very clearly, and it

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was the undoubted purpose of everybody connected with the framing of that bill to secure a greater supply of free wood from Canada for the purpose of manufacturing paper in this country, and that was the real consideration in providing free paper to Canada. It seems to me, if the Treasury Department has made any such ruling as Mr. Wheelwright suggests, that department goes directly in the face of the main purpose of the act, and thus occurs discrimination upon the American paper makers. I trust Mr. Wheelwright is mistaken and that the Treasury Department has not made such a ruling.

That is all I wish to say, I believe.

TESTIMONY OF GEORGE SULLIVAN, PRESIDENT OF THE
WILLIAM NIXON PAPER CO., PHILADELPHIA.

The witness was duly sworn by the chairman.

Mr. SULLIVAN. Mr. Chairman, I would like to correct the calendar. I am not here to represent the "Martin & William Nixon Paper Co.," but I am here representing 39 book paper manufacturers of the United States.

The CHAIRMAN. This was your assignment, was it not?

Mr. SULLIVAN. Yes, sir.

The CHAIRMAN. What is your name?

Mr. SULLIVAN. George Sullivan, and I am president of the William Nixon Paper Co.

The CHAIRMAN. You may proceed.

Mr. SULLIVAN. Mr. Chairman and gentlemen of the committee, it is my purpose to only read the beginning and ending of my argument here, as the most of the center part of it has been given already on the Canadian reciprocity act and various features along that line.

The common practice of including the manufacturers of all kinds of paper in one general industrial group for common consideration and common treatment is responsible for no little confusion and injustice. We desire, therefore, to have it distinctly understood at the very outset that this brief is submitted solely in behalf of the manufacturers of that grade known to the trade as book paper, the production of which is a separate and distinct industry, with an invested capital of about \$120,000,000, an annual product of the value approximating \$70,000,000, giving employment directly in the manufacturing plants to some 15,000 people, and indirectly to as many more.

News print and book paper differ widely both in the method of their production and the uses to which they are put. They are in no sense competitive articles of commerce. It is true that to a certain extent similar raw materials are used in their manufacture; but the same may be said of shoes and gloves, yet no one would think of treating the latter as identical.

News print is made principally from a pulp produced by the mechanical grinding of the coniferous woods; book paper from vegetable fiber obtained by the chemical treatment of various raw materials, requiring much more labor and greater skill, and affording a relatively small yield of finished product.

There is no foundation in fact for the charge so regularly and recklessly made by certain consumers, who would depress the market by

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hostile legislation, that all paper manufacturers are banded together for the purpose of maintaining extortionate prices and reaping abnormal profits. There are no less than 60 separate and independent concerns engaged in the production of book paper, and they are located in 15 different States.

In presenting our claim for consideration at the hands of the committee in its work of tariff revision, we distinctly disclaim any intention of asking or expectation of receiving special favor. We are not contending that our industry should be singled out for special paternal care on the part of the Government. We want to be accorded the same treatment extended to other American industrial interests—no better, no worse. With that we shall be entirely satisfied.

With existing conditions we are not content; believing, as we do, and as we shall undertake to demonstrate, that our tariff regulations unreasonably discriminate against us. This will readily appear to one who briefly reviews the tariff legislation affecting book paper.

The tariff act of July 4, 1789, fixed a duty of $7\frac{1}{2}$ per cent ad valorem on all writing or wrapping paper, which nominal rate remained practically unchanged until January 14, 1862, when the heavy expenses of the Government incident to the Civil War required a decided increase in the tariff revenues; at that time a duty of 35 per cent ad valorem was assessed. At the same time a general advance was made in all the important schedules. On June 6, 1872, the paper tariff was reduced to 90 per cent of the previous duty; and on March 3, 1883, the rate was reduced to 15 per cent ad valorem on "print paper, unsized, used for books and newspapers exclusively," which rate continued until July 24, 1897, when the Dingley law became effective, at which time some changes in the classification and description were made, but no material revision of the rate. The schedule then was made to read as follows:

Printing paper, unsized, sized or glued, suitable only for books and newspapers, valued at not above 2 cents per pound, $\frac{1}{10}$ cent per pound; valued above 2 cents and not above $2\frac{1}{2}$ cents per pound, $\frac{1}{8}$ cent per pound; valued above $2\frac{1}{2}$ cents and not above 3 cents per pound, $\frac{1}{6}$ cent per pound; valued above 3 cents and not above 4 cents per pound, $\frac{1}{4}$ cent per pound; valued above 4 cents and not above 5 cents per pound, $\frac{1}{2}$ cent per pound; valued above 5 cents per pound, 15 per cent ad valorem.

With certain conditional clauses affixed.

The Dingley rate continued in existence until August 5, 1909, at which date the Payne-Aldrich law became effective. In the general revision then made, Schedule M of that bill was changed to read as follows:

Printing paper unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, valued at not above $2\frac{1}{2}$ cents per pound, $\frac{1}{10}$ cent per pound; valued above $2\frac{1}{2}$ cents and not above $2\frac{1}{2}$ cents per pound, $\frac{1}{8}$ cent per pound; valued above $2\frac{1}{2}$ cents per pound and not above 3 cents per pound, $\frac{1}{6}$ cent per pound; valued above 3 cents and not above 4 cents per pound, $\frac{1}{4}$ cent per pound; valued above 4 cents and not above 5 cents per pound, $\frac{1}{2}$ cent per pound; valued above 5 cents per pound, 15 per cent ad valorem.

With certain conditions attached.

What has transpired since that date affecting paper is of such recent occurrence as to be easily recalled.

By the provision of the McCall bill, by which it was sought to establish reciprocal trade relations with the Dominion of Canada, paper of

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a valuation not exceeding 4 cents per pound at the point of manufacture, if made in that country from unrestricted wood, was put on the free list, though the American manufacturer is not permitted to sell his paper in Canada without the payment of a duty. Section 2 of that measure, covering paper, was put into effect immediately following its passage and so continues, thus greatly encouraging the importation of Canadian paper into the United States by permitting the bulk of it to enter free of duty, as is clearly indicated by the following table of imports:

Importation of printing paper from Canada.

[First 10 months of the year 1912.]

1912	Total.	Free of duty.	Subject to duty.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
January.....	9,736,678	6,031,202	3,705,476
February.....	8,447,730	5,256,585	3,191,145
March.....	9,492,463	6,900,602	2,591,861
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September.....	21,699,337	16,699,747	4,999,590
October.....	20,835,912	16,234,336	4,601,576
Total.....	125,908,290	91,455,881	34,452,409
For same period 1911.....	89,900,000	13,632,000	76,268,000

The extent of the damage done to the American paper manufacturer by section 2 of the reciprocity measure can not yet be accurately measured, but its seriousness is clearly indicated.

At the time the law became operative the Canadian manufacturer was not ready to avail himself of its opportunities. Not anticipating such generous treatment on the part of the American Government, he was unprepared to supply the market thus opened, but immediately began the extension of manufacturing plants then in operation, as well as the construction of new ones. It was not, therefore, until within recent months that the product of this additional equipment began to invade the American market. Since then the increase in importations has been rapid, as shown by the foregoing table, and the near future promises an incoming tonnage greatly in excess of anything we have yet experienced.

As indicating the extent to which the Canadian manufacturer is intending and preparing to use this open channel of commerce for the displacement of American product by that of the Dominion, we quote from a recent editorial utterance of the *World's Paper Trade Review* of London, a reputable trade journal, which may be taken to fairly represent the Canadian view:

Should the present tariff system existing between Canada and the United States in regard to paper continue, the outlook for the Canadian export trade is very rosy. United States paper men are pointing with alarm to the fact that between January and September, inclusive, of the present year, nearly 75,000,000 pounds of paper came into the Republic from Canada free of duty; it is certain that every month of the coming year will render this condition more pronounced. If such an immense quantity can be poured over the border under present conditions, what will be the case when half a dozen new Canadian paper companies get into working order?

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This clearly indicates the certain enlargement of the Canadian manufacturing capacity, and the hopefulness with which our Dominion neighbors contemplate the occupancy of the American market.

It is true that up to this time the Canadian importations have consisted in the main of news print; for the reasons that the Canadian water power is better adapted for the grinding of wood to be used in news print manufacturing, and also because, owing to the greater expense and complication attached to the construction of book paper plants, more time is required to put them into operation.

It should not be forgotten that under existing conditions the Canadian not only has free access to our market, which lies at his very door, but is afforded a very decided advantage over the American manufacturer by our own tariff regulations; notably by reason of the amount that is necessarily paid out by the American manufacturer on account of the duties levied on the materials and supplies purchased by him, from which burden the Canadian is comparatively free.

It may be both interesting and illuminating to compare the rates of duty levied by the Canadian Government with those of our own country on some of the principal articles entering into the manufacture of book paper. These, for instance, are as follows:

Article.	Canadian tariff.	American tariff.
English clay	Free	\$2.50 per ton.
Bleach	do	$\frac{1}{2}$ cent per pound.
Alum	do	$\frac{1}{2}$ cent per pound.
Soda ash	do	Do.
Wires	17 $\frac{1}{2}$ per cent	45 per cent.
Jackets	30 per cent	44 cents per pound and 55 per cent.
Dryer felts	do	Do.
Chemicals	Free	30 per cent.

A conservative estimate of this difference in rates applied to the purchases made within a period of one year by the American manufacturers of book paper discloses an advantage to the Canadian industry amounting to something like \$1,500,000, which in itself is a very potent inducement for the removal of our mills to the Canadian side.

That the distinct policy of the Canadian Government and the Canadian people is to adopt such measures as will hasten such removal is further instanced by the attitude of the Canadian railroads. Notice was some time ago given of their purpose to make general advances in the freight rates on pulpwood shipped into the United States, though no increase whatever was suggested on the paper rate; the evident purpose being to increase the difficulty of sending raw material into this country, and at the same time make the shipment of the finished product as easy as possible.

On complaint being made by certain shippers, the effective date of these advances was postponed until February 4, 1913.

Mr. D'Arcy Scott, assistant chief commissioner of the board of railway commissioners of Canada, stated at the oral hearing granted at Ottawa, on August 28, 1912, that in his opinion this Canadian raw material, spruce pulpwood, should be manufactured into paper

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upon the Canadian side of the international line, and that the same opinion was widely held in Canada.

The purpose of forbidding the free entry of Canadian paper, if made from wood upon which export restrictions are laid by that Government, was of course to induce the removal of such restrictions, and thus permit the American producer to obtain pulpwood from that source. But it has failed, and Canada's unwillingness to respect the spirit of the law is demonstrated by certain official removals recently made of export restrictions from the individual timber rights of Canadian paper manufacturers, for the avowed purpose of enabling them to send their product into our market free, although they do not propose to sell a stick of their wood. The release is, therefore, a hollow pretense and mockery.

Referring to this action, we quote the language of the Quebec Chronicle, of December 31, 1912:

It remains to be seen if the astute Uncle Sam is likely to be flimflammed by any such transparent device.

It will be seen from the foregoing that the American paper maker has gradually drifted toward free trade, so far as his product is concerned. At the same time the tariff has been kept up in other directions, so that he is in the unprofitable attitude of one buying in a protected market and selling in a free-trade market.

It also appears, as above stated, that the highest rate of duty that has ever been assessed on book paper was 35 per cent ad valorem, and that at a time when other dutiable articles of commerce paid as a rule a very much greater percentage.

Since June 6, 1872, a number of changes have been made in the rates, and these have invariably been reductions, until now the tariff on book paper averages about 16 per cent on the entire book product when imported from foreign countries other than Canada, from which latter it comes in practically free.

These rates, it will be recognized, are very much below the average, and out of all proportion to the duties levied on many articles of common use. Note, for instance, the equivalent ad valorem rates on the actual importations for the year 1911 of the following—

	Per cent.
Manufactures of wool.....	87. 65
Manufactures of cotton.....	47. 05
Metals.....	34. 51
Chemicals.....	25. 72
Sugar.....	53. 95

while the average rate on all dutiable commodities is estimated to be about 43 per cent.

Therefore, a revision of the tariff made in conformity with the platform of the party which will dominate the Federal Congress after March 4 next, by no means involves any sort of reduction of the existing rates on book paper. Both promises of the party, viz, to effect a revision downward and to equalize the burdens of Government, may be kept in all good faith without disturbing our tariff rates except for the purpose of removing the discrimination which exists against us.

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That the paper industry is not on a parity with the other great American manufacturing interests so far as the advantages of a tariff are concerned, was very properly recognized by the Democratic party in the construction of the Wilson bill in 1894. That measure was, as it was intended to be, a very decided downward revision of the tariff; nevertheless, the rate on book paper was so apparently below the level of other articles of importation that the framers of the bill left it untouched in their efforts to effect equalization.

When, however, the Dingley tariff law was substituted for the Wilson bill, radical advances were made in the rates applied to other articles of commerce without applying any increase to the duty on book paper, thus creating again the disparity which had been measurably corrected. What is more, every revision since that date has widened the discrepancy by a gradual lowering of the book paper rate, until there is little left. So far, indeed, as Canada is concerned, entry into the American market is practically free to all paper not exceeding a valuation of 4 cents a pound at point of manufacture, which designation includes about 95 per cent of all the book paper manufactured.

Among the many unsound arguments which have in recent years been advanced by those who would remove every restraint and freely admit the product of foreign paper manufacturers to the American market, none perhaps is more fallacious than that which is so frequently made in the name of conservation.

In the first place, it does not seem to be generally understood that a very small part of the timber cut in the United States is converted into pulp; less indeed than 2 per cent, as fixed by the Government reports. Nor does it seem to be understood that a part of that 2 per cent is made up of such materials, gathered in connection with lumber operations, as would be left to rot on the ground or to be burned up as so much rubbish but for the market afforded by the book-paper mill. Moreover, a very considerable proportion of the wood used in the manufacture of pulp by the chemical process, to be afterwards converted into book paper, is of such varieties of timber as are comparatively valueless for any other purpose.

Trees suitable for the manufacture of book paper can be matured in comparatively few years. Whether they shall be planted and protected is in most cases simply a question of whether it will pay to engage in such enterprise. If, therefore, the manufacturer is told that his market is to be taken away from him and turned over to some one else, why should he look to the future, or plan for the future? Will he not most naturally be inclined to cut at once every available stick, dispose of the product, and then go out of the business?

But that is not all. The book-paper manufacturer realizes that the increasing demand for his product must be met, and met without unreasonable increase in the price to the consumer. He is, therefore, constantly seeking new sources of paper-making material.

In the manufacture of the higher grades of paper, such as book and writings, pulp is made by chemical processes. On that account the producer is not limited in his material supply, as is the news print manufacturer, who can grind nothing but coniferous woods.

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In the manufacture of chemical pulp it is simply a question as to whether the natural substances can be disintegrated and the fibers separated at a cost which is not prohibitive. The wide-awake producer is, therefore, constantly invading new fields in his search for pulp-producing materials, and his experiments are by no means without their encouraging results.

In the Southern and Western States, where the conditions of soil and climate are favorable to rapid and luxuriant vegetable growth, a vast and incalculable tonnage of fibrous material annually goes to waste because there is now no use to which it can be economically put. The cotton stalk, cornstalk, bagasse, and the stalk of the sugar cane have all been tested and found to contain fiber suitable for the manufacture of book paper. The methods by which they and other plants may be economically reduced on a commercial scale will doubtless be worked out in the not far distant future, provided the reason for solving these problems be not removed. If the paper maker is permitted to feel that he is to have a market for his product, he will in turn devise some means to make use of these materials, and thus provide a market for that which is now of comparatively no value to the producer.

Suggestive of the possibilities in the direction mentioned is the following news dispatch under date of Grand Forks, N. Dak., December 20, 1912:

The successful utilization of flax straw, millions of tons of which is wasted every fall by North Dakota farmers, is being accomplished by a flax-pulp mill at McCanna, N. Dak. Ordinary flax straw is used and tests show that an average of 33 per cent of the straw is converted into marketable pulp suitable for the manufacture of high-grade paper. The company which owns the mill is planning big increases in equipment, and will establish a chain of mills throughout the State.

Approximately 3,000,000 tons of flax straw is burned every fall in North Dakota. Its utilization, according to Government experts, will furnish an acceptable substitute for wood pulp in the manufacture of finer grades of paper.

After all, then, it is a matter of national importance that the paper industry be conserved, if not for its own sake, for the sake of dependent interests.

Some may have the impression that the tariff rate on paper is reduced below the average on all articles of import for the reason that the industry is so prosperous that it does not require the average protection. In answer to that suggestion, it may be stated that, instead of yielding revenues above the average, the capital invested in the manufacture of paper in this country secures returns very much less than that on the average industrial investment.

Figures taken from the Government's statistics of manufactures included in the Thirteenth Census reports show the average net returns, for the year 1909, on 39 of the principal manufactures in this country, other than pulp and paper, amounted to 12.84 per cent of the invested capital, while the net return on the capital invested in the manufacture of pulp and paper was only 7.41 per cent.

Compare the last-named figure with certain of the leading industries included in these reports, and note the differences:

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	Per cent.
Printing and publishing.....	20. 33
Agricultural implements.....	11. 09
Automobiles, including bodies, etc.....	22. 03
Boots and shoes.....	15. 47
Brass and bronze products.....	12. 25
Bread and other bakery products.....	25. 86
Butter, cheese, and condensed milk.....	23. 23
Canning and preserving.....	13. 09
Carriages and wagons and material.....	12. 14
Chemicals.....	15. 45
Clothing, men's, including shirts.....	20. 29
Clothing, women's.....	33. 08
Confectionery.....	23. 12
Copper, tin, and sheet iron.....	10. 72
Cotton goods, etc.....	8. 66
Flour-mill and gristmill products.....	16. 32
Foundry and machine-shop products.....	10. 23
Furniture and refrigerators.....	11. 66
Hosiery and knit goods.....	15. 42
Iron and steel, blast furnaces.....	5. 90
Iron, steel, steelworks, etc.....	9. 38
Leather goods.....	16. 73
Leather, tanned, curried, and finished.....	6. 75
Liquors, distilled.....	12. 83
Liquors, malt.....	10. 68
Lumber and timber products.....	13. 82
Marble and stone works.....	15. 87
Oil, cottonseed and cake.....	12. 04
Paint and varnish.....	13. 40
Patent medicines, etc.....	28. 28
Petroleum, refining.....	8. 24
Silk, etc.....	13. 18
Slaughtering and meat packing.....	15. 02
Smelting and refining copper.....	23. 25
Smelting and refining lead.....	5. 29
Sugar and molasses (not beet sugar).....	7. 15
Tobacco manufactures.....	20. 71
Woolen, worsted and felt goods, etc.....	10. 98

Indeed, there are only four of the 39 industries mentioned which do not show a higher percentage of returns than pulp and paper.

We are perfectly sure the difference is still quite as great, if it has not actually increased; and we are very much inclined to the opinion that it has increased, because since that date the cost of manufacturing paper has gradually and materially advanced, while there has been no appreciable change in the selling price. This contention is clearly demonstrated by the figures compiled by Charles P. Neill, Commissioner of Labor, contained in Senate Document No. 436, presented on March 21, 1910. In that document a comparison of the cost of the principal items entering into the manufacture of book paper between the years 1900 and 1908 is as follows:

Article.	1900	1908
Coal—Bituminous (Georges Creek at mine).....	100. 0	120. 1
Hemlock.....	100. 0	128. 5
Lime.....	100. 0	152. 9
Poplar.....	100. 0	154. 7
Rosin.....	100. 0	204. 8
Spruce.....	100. 0	119. 7
Alum.....	100. 0	100. 0
Brimstone.....	100. 0	103. 1
Jute.....	100. 0	115. 8

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A table prepared by the Committee on Printing of the House of Representatives, printed in the Mann report, likewise compares the cost of labor and the selling price of paper as follows:

	1900	1908
Machine-finished book.....	100.0	89.2
Super book.....	100.0	84

Relative hours per week and relative wages per hour in the principal manufacturing and mechanical industries, 1900-1907:

Paper and wood pulp.	1900	1907
Relative hours per week.....	100.0	90.2
Relative wages per hour.....	90.2	122.6

It is thus clearly demonstrated that the net return on capital invested in the paper industry must at this time be even less than shown by the foregoing table. It also indicates that the mills have been obliged to meet the increased cost of manufacture by a constant development of efficiency in operation, which later has its limit—a limit that in many cases has already been practically reached.

The manufacturer of book paper has not at any time endeavored to increase his profits by depriving labor of its just reward. It will be interesting to note a comparison between the American scale of wages and the wages paid by the European manufacturer, with whom he is obliged to compete. The following figures are fairly representative of the compensation to the workers in the different departments of a paper mill in this country:

Repair crew:		
Carpenters.....	\$2.50-	\$3.00
Blacksmiths.....	2.75	
Machinists.....	2.50-	3.50
Painters.....	2.25	
Masons.....	4.00	
Pipe fitters.....	2.50-	3.50
General repair men.....	2.50-	3.50
Enginemen.....	2.75-	3.00
Oilers.....	2.20	
Firemen.....	2.35-	2.90
Ash pullers.....	2.00	
Electric power men.....	2.50-	3.00
Acid makers.....	2.70	
Head burners.....	3.00	
Alkali makers.....	2.35	
Bleach makers.....	2.15	
Chipper men.....	1.90-	2.00
Cookers.....	2.50-	3.25
Evaporators.....	2.50	
Rotary men.....	2.35	
Pump men.....	3.00	
Head beatermen.....	3.50	
Color men.....	2.75-	3.00
Machine tenders.....	4.00-	5.00
Backtenders.....	2.00-	2.50
Rewinders.....	2.00	
Finishers.....	2.00-	2.25
Stock runners.....	1.90-	2.50
Counter girls.....	1.25	

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On the other hand, we may take as fairly representative of the European wages the figures recently supplied by the Imperial Government as to labor in German paper mills for the year 1910, covering 411 reports, including 3,304 skilled and 2,325 unskilled workmen:

	Maximum wage per hour.
100 unskilled.....	6c.
993 skilled.....}	
1,802 unskilled}	8c.
1,752 skilled.}	
423 unskilled}	11c.
423 skilled.....	13c.
136 skilled.....	16c.

The figures so far as obtainable would indicate that the other European paper-producing countries are about on a par with Germany in respect to wages. All of which indicates that the foreign wage amounts to about 45 per cent of that paid by the American producer.

I would like to say that the figures in this brief of comparative figures with other industries, are not put there as a matter of criticism. They are simply put there for comparison. We have no criticism to make of this schedule whatever.

Mr. Chairman, I would also like to say to you, in connection with the question put by you to Mr. John Norris, of the American Newspaper Publishers' Association, whether there existed any combination in the paper trade at the present time, which had been hinted at before in these hearings—

The CHAIRMAN (interposing). Yes, I would be glad to hear from you. I was referring, however, more particularly to that class of makers who made newspaper print. I did not charge that there was a combination, but it has been so charged, and I asked Mr. Norris if it existed.

Mr. SULLIVAN. It may seem strange to you gentlemen, as laymen, that we who are in the industry known as the paper industry are not familiar with all branches thereof, but we are not. I feel that we are thoroughly familiar with the book end of it, but I absolutely know nothing—well, I would not say that I know absolutely nothing, but that I do not know very much about the news-making end or the wrapping branch. They are distinctive; all branches of our trade are distinctive. But I speak for the book-paper people when I say there is absolutely no combination, nor has there ever been.

The CHAIRMAN. Yours is the most expensive paper they make, book paper?

Mr. SULLIVAN. No, sir.

The CHAIRMAN. That is more expensive than newspaper or wrapping paper?

Mr. SULLIVAN. Oh, yes, sir. But of course there are more expensive papers than ours—ledgers, bonds, and high-class writings.

The CHAIRMAN. Of the three classes yours is the most expensive?

Mr. SULLIVAN. Yes, sir.

The CHAIRMAN. Your business could stand a reasonable reduction, could it not?

Mr. SULLIVAN. That depends, Mr. Chairman, on what you are going to do with the other end of the tariff.

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The CHAIRMAN. I meant if the reduction is all along the line?

Mr. SULLIVAN. We would have to.

The CHAIRMAN. Well, could you stand it all right?

Mr. SULLIVAN. That depends upon the wages we will have to continue to pay. Wages in our industry is the same as in all similar industries, and cuts a big figure in our manufacturing end. We have given you in this brief the comparative wages we pay and those in England and in Germany, with whom we have to compete.

The CHAIRMAN. How much of your product is consumed in the American market? What is the total consumption of the class of paper you make, book paper?

Mr. SULLIVAN. Do you mean in our industry?

The CHAIRMAN. No. I mean in the whole book industry, not your one industry.

Mr. SULLIVAN. Those figures I have not with me. They were all filed in the previous brief filed with the Senate Finance Committee.

The CHAIRMAN. You have not that information?

Mr. SULLIVAN. No, sir. I could obtain it, and if you wish me to will send it to you?

The CHAIRMAN. You might send it to us.

Mr. FORDNEY. I understand you to say that a very large portion of your cost is labor cost?

Mr. SULLIVAN. Yes, sir.

Mr. FORDNEY. So that if you received a severe reduction in the duty, in order to exist you must curtail or cheapen your cost of production?

Mr. SULLIVAN. Naturally so.

Mr. FORDNEY. And labor being the chief item of cost, labor would suffer first of all, would it not?

Mr. SULLIVAN. Yes, sir.

In conclusion, let the position and demand of the manufacturer of book paper be distinctly understood. He is not asking for any special favor, and he does not seek to have the Government extend to him consideration which is not enjoyed by every other citizen. At the same time he believes it is his right to insist that there should not be imposed upon him a peculiar burden.

We may all have very decided personal views concerning governmental policies, but book paper manufacturers are nevertheless willing to take their chances and endeavor to live and continue business under any policy that may be adopted, provided the same be applied with impartiality to all American interests. Whether it be protection, high or low, tariff for revenue, or even free trade, they will endeavor to accommodate themselves to the policy, if it be uniformly applied to all American interests, and applied alike to both the market of purchase and the market of sale.

THE BRIEF OF MARTIN & WM. H. NIXON PAPER CO.

MANAYUNK, January 28, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means.

MY DEAR SIR: When presenting the brief of the book-paper manufacturers to your committee, under Schedule M, you wished to know the percentage of our product that

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was consumed in the American market and you asked me to send you this information. Previous to July 1, 1910, there was no separation made by the Government in the exports of paper; consequently, I can only furnish you the information since that time, as our own association has no statistics in reference to this matter either.

The year ending June, 1911 was 13,154 tons; the year ending June, 1912, 12,107 tons; and the five months ending November 30, 1912, 6,205 tons. This is the total amount exported for this period.

This is less than $1\frac{1}{2}$ per cent of the capacity of the book mills in the United States and most of this paper went to Cuba, the other island possessions, and the South American countries, none of whom manufacture book paper.

I remain, yours, very truly,

GEO. SULLIVAN.

BRIEF OF MANUFACTURERS OF BOOK PAPER.

[Filed with the Ways and Means Committee of the House of Representatives, Jan. 17, 1913.]

The common practice of including the manufacturers of all kinds of paper in one general industrial group for common consideration and common treatment is responsible for no little confusion and injustice. We desire, therefore, to have it distinctly understood at the very outset that this brief is submitted solely in behalf of the manufacturers of that grade known to the trade as book paper, the production of which is a separate and distinct industry, with an invested capital of about \$120,000,000, an annual product of the value approximating \$70,000,000, giving employment directly in the manufacturing plants to some 15,000 people, and indirectly to as many more.

News print and book paper differ widely both in the method of their production and the uses to which they are put. They are in no sense competitive articles of commerce. It is true that to a certain extent similar raw materials are used in their manufacture; but the same may be said of shoes and gloves, yet no one would think of treating the latter as identical.

News print is made principally from a pulp produced by the mechanical grinding of the coniferous woods; book paper from vegetable fiber, obtained by the chemical treatment of various raw materials, requiring much more labor and greater skill, and affording a relatively small yield of finished product.

There is no foundation in fact for the charge so regularly and recklessly made by certain consumers, who would depress the market by hostile legislation, that all paper manufacturers are banded together for the purpose of maintaining extortionate prices and reaping abnormal profits. There are no less than 60 separate and independent concerns engaged in the production of book paper, and they are located in 15 different States.

In presenting our claim for consideration at the hands of the committee in its work of tariff revision, we distinctly disclaim any intention of asking or expectation of receiving special favor. We are not contending that our industry should be singled out for special paternal care on the part of the Government. We want to be accorded the same treatment extended to other American industrial interests—no better, no worse. With that we shall be entirely satisfied.

With existing conditions we are not content; believing, as we do, and as we shall undertake to demonstrate, that our tariff regulations unreasonably discriminate against us. This will readily appear to one who briefly reviews the tariff legislation affecting book paper.

The tariff act of July 4, 1789, fixed a duty of $7\frac{1}{2}$ per cent ad valorem on all writing or wrapping paper, which nominal rate remained practically unchanged until January 14, 1862, when the heavy expenses of the Government incident to the Civil War required a decided increase in the tariff revenues; at that time a duty of 35 per cent ad valorem was assessed. At the same time a general advance was made in all the important schedules. On June 6, 1872, the paper tariff was reduced to 90 per cent of the previous duty; and on March 3, 1883, the rate was reduced to 15 per cent ad valorem on "print paper, unsized, used for books and newspapers exclusively," which rate continued until July 24, 1897, when the Dingley law became effective, at which time some changes in the classification and description were made, but no material revision of the rate. The schedule then was made to read as follows:

"Printing paper, unsized, sized or glued, suitable only for books and newspapers, valued at not above two cents per pound, three-tenths of a cent per pound; valued above two cents and not above two and one-half cents, four-tenths of a cent per pound;

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valued above two and one-half cents and not above three cents per pound, five-tenths of a cent per pound; valued above three cents and not above four cents per pound, six-tenths of a cent per pound; valued above four cents and not above five cents per pound, eight-tenths of a cent per pound; valued above five cents per pound, fifteen per cent ad valorem;" with certain additional clauses affixed.

The Dingley rate continued in existence until August 5, 1909, at which date the Payne-Aldrich law became effective. In the general revision then made, Schedule M of that bill was changed to read as follows:

"Printing paper, unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, valued at not above two and one-fourth cents per pound, one-tenth of a cent per pound; valued above two and one-fourth cents and not above two and one-half cents per pound, two-tenths of a cent per pound; valued above two and one-half cents per pound, and not above three cents per pound, five-tenths of a cent per pound; valued above three cents and not above four cents per pound, six-tenths of a cent per pound; valued above four cents and not above five cents per pound, eight-tenths of a cent per pound; valued above five cents per pound, 15 per centum ad valorem;" with certain conditions attached.

What has transpired since that date, affecting paper is of such recent occurrence as to be easily recalled.

By the provision of the McCall bill, by which it was sought to establish reciprocal trade relations with the Dominion of Canada, paper of a valuation not exceeding 4 cents per pound at the point of manufacture, if made in that country from unrestricted wood, was put on the free list, though the American manufacturer is not permitted to sell his paper in Canada without the payment of a duty. Section 2 of that measure, covering paper, was put into effect immediately following its passage, and so continues, thus greatly encouraging the importation of Canadian paper into the United States by permitting the bulk of it to enter free of duty, as is clearly indicated by the following table of imports:

Importations of printing paper from Canada (first 10 months of year 1912).

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For same period 1911.....	89,900,000	13,532,000	76,368,000

The extent of the damage done to the American paper manufacturer by section 2 of the reciprocity measure can not yet be accurately measured, but its seriousness is clearly indicated.

At the time the law became operative, the Canadian manufacturer was not ready to avail himself of its opportunities. Not anticipating such generous treatment on the part of the American Government, he was unprepared to supply the market thus opened, but immediately began the extension of manufacturing plants then in operation, as well as the construction of new ones. It was not, therefore, until within recent months that the product of this additional equipment began to invade the American market. Since then the increase in importations has been rapid, as shown by the foregoing table, and the near future promises an incoming tonnage greatly in excess of anything we have yet experienced.

As indicating the extent to which the Canadian manufacturer is intending and preparing to use this open channel of commerce for the displacement of American product by that of the Dominion, we quote from a recent editorial utterance of the *World's Paper Trade Review*, of London, a reputable trade journal, which may be taken to fairly represent the Canadian view:

Should the present tariff system existing between Canada and the United States in regard to paper continue, the outlook for the Canadian export trade is very rosy.

PARAGRAPH 409—BOOK PAPER.

United States paper men are pointing with alarm to the fact that between January and September, inclusive, of the present year, nearly 75,000,000 pounds of paper came into the Republic from Canada, free of duty; it is certain that every month of the coming year will render this condition more pronounced. If such an immense quantity can be poured over the border under present conditions, what will be the case when half a dozen new Canadian paper companies get into working order?

This clearly indicates the certain enlargement of the Canadian manufacturing capacity, and the hopefulness with which our Dominion neighbors contemplate the occupancy of the American market.

It is true that up to this time the Canadian importations have consisted in the main of news print; for the reasons that the Canadian water power is better adapted for the grinding of wood to be used in news print manufacturing, and also because, owing to the greater expense and complication attached to the construction of book paper plants, more time is required to put them into operation.

It should not be forgotten that under existing conditions the Canadian not only has free access to our market, which lies at his very door, but is afforded a very decided advantage over the American manufacturer by our own tariff regulations; notably by reason of the amount that is necessarily paid out by the American manufacturer on account of the duties levied on the materials and supplies purchased by him, from which burden the Canadian is comparatively free.

It may be both interesting and illuminating to compare the rates of duty levied by the Canadian Government with these of our own country on some of the principal articles entering into the manufacture of book paper. These, for instance, are as follows:

Article.	Canadian tariff.	American tariff.
English clay.....	Free.....	\$2.50 per ton.
Bleach.....	do.....	1 cent per pound.
Alum.....	do.....	1 cent per pound.
Soda ash.....	do.....	Do.
Wires.....	17 1/2.....	45 per cent.
Jackets.....	30 per cent.....	44 cents per pound and 55 per cent.
Dryer felts.....	do.....	Do.
Chemicals.....	Free.....	30 per cent.

A conservative estimate of this difference in rates applied to the purchases made within a period of one year by the American manufacturers of book paper discloses an advantage to the Canadian industry amounting to something like \$1,500,000; which in itself is a very potent inducement for the removal of our mills to the Canadian side.

That the distinct policy of the Canadian Government and the Canadian people is to adopt such measures as will hasten such removal is further instanced by the attitude of the Canadian railroads. Notice was some time ago given of their purpose to make general advances in the freight rates on pulp wood shipped into the United States, though no increase whatever was suggested on the paper rate; the evident purpose being to increase the difficulty of sending raw material into this country, and at the same time make the shipment of the finished product as easy as possible.

On complaint being made by certain shippers, the effective date of these advances was postponed until February 4, 1913.

Mr. D'Arcy Scott, assistant chief commissioner of the board of Railway Commissioners of Canada, stated at the oral hearing granted at Ottawa, on August 28, 1912, that in his opinion this Canadian raw material, spruce pulp wood, should be manufactured into paper upon the Canadian side of the international line, and that the same opinion was widely held in Canada.

The purpose of forbidding the free entry of Canadian paper, if made from wood upon which export restrictions are laid by that government, was of course to induce the removal of such restrictions, and thus permit the American producer to obtain pulp wood from that source. But it has failed, and Canada's unwillingness to respect the spirit of the law is demonstrated by certain official removals recently made of export restrictions from the individual timber rights of Canadian paper manufacturers, for the avowed purpose of enabling them to send their product into our market free, although they do not propose to sell a stick of their wood. The release, is therefore, a hollow pretense and mockery.

Referring to this action, we quote the language of the Quebec Chronicle, of December 31, 1912: "It remains to be seen if the astute Uncle Sam is likely to be flim-flammed by any such transparent device."

PARAGRAPH 409—BOOK PAPER.

It will be seen from the foregoing that the American papermaker has gradually drifted toward free trade, so far as his product is concerned. At the same time the tariff has been kept up in other directions so that he is in the unprofitable attitude of one buying in a protected market and selling in a free-trade market.

It also appears, as above stated, that the highest rate of duty that has ever been assessed on book paper was 35 per cent ad valorem, and that at a time when other dutiable articles of commerce paid as a rule a very much greater percentage.

Since June 6, 1872, a number of changes have been made in the rates, and these have invariably been reductions, until now the tariff on book paper averages about 16 per cent on the entire book product when imported from foreign countries other than Canada, from which latter it comes in practically free.

These rates, it will be recognized, are very much below the average, and out of all proportion to the duties levied on many articles of common use. Note, for instance, the equivalent ad valorem rates on the actual importations for the year 1911 of the following:

	Per cent.
Manufactures of wool.....	87. 65
Manufactures of cotton.....	47. 05
Metals.....	34. 51
Chemicals.....	25. 72
Sugar.....	53. 95

While the average rate on all dutiable commodities is estimated to be about 43 per cent.

Therefore, a revision of the tariff made in conformity with the platform of the party which will dominate the Federal Congress after March 4 next, by no means involves any sort of reduction of the existing rates on book paper. Both promises of the party, viz, to effect a revision downward and to equalize the burdens of Government, may be kept in all good faith without disturbing our tariff rates except for the purpose of removing the discrimination which now exists against us.

That the paper industry is not on a parity with the other great American manufacturing interests so far as the advantages of a tariff are concerned, was very properly recognized by the Democratic Party in the construction of the Wilson bill in 1894. That measure was, as it was intended to be, a very decided downward revision of the tariff; nevertheless, the rate on book paper was so apparently below the level of other articles of importation that the framers of the bill left it untouched in their efforts to effect equalization.

When, however, the Dingley tariff law was substituted for the Wilson bill, radical advances were made in the rates applied to other articles of commerce without applying any increase to the duty on book paper, thus creating again the disparity which had been measurably corrected. What is more, every revision since that date has widened the discrepancy by a gradual lowering of the book-paper rate, until there is little left. So far, indeed, as Canada is concerned, entry into the American market is practically free to all paper not exceeding a valuation of 4 cents a pound at point of manufacture, which designation includes about 95 per cent of all the book paper manufactured.

Among the many unsound arguments which have in recent years been advanced by those who would remove every restraint and freely admit the product of foreign paper manufacturers to the American market, none perhaps is more fallacious than that which is so frequently made in the name of conservation.

In the first place, it does not seem to be generally understood that a very small part of the timber cut in the United States is converted into pulp; less indeed than 2 per cent, as fixed by the Government reports. Nor does it seem to be understood that a part of that 2 per cent is made up of such materials, gathered in connection with lumber operations, as would be left to rot on the ground or to be burned up as so much rubbish, but for the market afforded by the book-paper mill. Moreover, a very considerable proportion of the wood used in the manufacture of pulp by the chemical process, to be afterward converted into book paper, is of such varieties of timber as are comparatively valueless for any other purpose.

Trees suitable for the manufacture of book paper can be matured in comparatively few years. Whether they shall be planted and protected is in most cases simply a question whether it will pay to engage in such enterprise. If, therefore, the manufacturer is told that his market is to be taken away from him and turned over to some one else, why should he look to the future, or plan for the future? Will he not most naturally be inclined to cut at once every available stick, dispose of the product, and then go out of the business?

But that is not all. The book-paper manufacturer realizes that the increasing demand for his product must be met, and met without unreasonable increase in the

PARAGRAPH 409—BOOK PAPER.

price to the consumer. He is, therefore, constantly seeking new sources of paper-making material.

In the manufacture of the higher grades of paper, such as book and writings, pulp is made by chemical processes. On that account the producer is not limited in his material supply, as is the news-print manufacturer, who can grind nothing but coniferous woods. In the manufacture of chemical pulp it is simply a question as to whether the natural substances can be disintegrated and the fibers separated at a cost which is not prohibitive. The wide-awake producer is, therefore, constantly invading new fields in his search for pulp-producing materials, and his experiments are by no means without their encouraging results.

In the Southern and Western States, where the conditions of soil and climate are favorable to rapid and luxuriant vegetable growth, a vast and incalculable tonnage of fibrous material annually goes to waste because there is now no use to which it can be economically put. The cotton stalk, corn stalk, bagasse and the stalk of the sugar cane have all been tested and found to contain fiber suitable for the manufacture of book paper. The methods by which they and other plants may be economically reduced on a commercial scale will doubtless be worked out in the not far distant future, provided the reason for solving these problems be not removed. If the paper maker is permitted to feel that he is to have a market for his product, he will in turn devise some means to make use of these materials, and thus provide a market for that which is now of comparatively no value to the producer.

Suggestive of the possibilities in the direction mentioned is the following news dispatch under date of Grand Forks, N. Dak., December 20, 1912:

"The successful utilization of flax straw, millions of tons of which is wasted every fall by North Dakota farmers, is being accomplished by a flax-pulp mill at McCanna, N. Dak. Ordinary flax straw is used and tests show that an average of 33 per cent of the straw is converted into marketable pulp suitable for the manufacture of high-grade paper. The company which owns the mill is planning big increases in equipment, and will establish a chain of mills throughout the State.

"Approximately 3,000,000 tons of flax straw is burned every fall in North Dakota. Its utilization, according to Government experts, will furnish an acceptable substitute for woodpulp in the manufacture of finer grades of paper."

After all, then, it is a matter of national importance that the paper industry be conserved, if not for its own sake, for the sake of dependent interests.

Some may have the impression that the tariff rate on paper is reduced below the average on all articles of import for the reason that the industry is so prosperous that it does not require the average protection. In answer to that suggestion, it may be stated that, instead of yielding revenues above the average, the capital invested in the manufacture of paper in this country secures returns very much less than that on the average industrial investment.

Figures taken from the Government's statistics of manufactures, included in the Thirteenth Census reports, show the average net returns, for the year 1909, on 39 of the principal manufactures in this country, other than pulp and paper, amounted to 12.84 per cent of the invested capital, while the net return on the capital invested in the manufacture of pulp and paper was only 7.41 per cent.

Compare the last-named figure with certain of the leading industries included in these reports and note the differences:

	Per cent.		Per cent.
Printing and publishing.....	20.33	Iron and steel, blast furnaces.....	5.90
Agricultural implements.....	11.09	Iron, steel, steelworks, etc.....	9.38
Automobiles, including bodies, etc.....	22.03	Leather goods.....	16.73
Boots and shoes.....	15.47	Leather, tanned, curried, and finished..	6.75
Brass and bronze products.....	12.25	Liquors, distilled.....	12.83
Bread and other bakery products.....	25.86	Liquors, malt.....	10.68
Butter, cheese, and condensed milk.....	23.23	Lumber and timber products.....	13.82
Canning and preserving.....	13.09	Marble and stone works.....	15.87
Carriages and wagons and material.....	12.14	Oil, cotton seed and cake.....	12.04
Chemicals.....	15.45	Paint and varnish.....	13.40
Clothing, men's, including shirts.....	20.29	Patent medicines, etc.....	28.28
Clothing, women's.....	33.08	Petroleum, refining.....	8.24
Confectionery.....	23.12	Silk, etc.....	13.18
Copper, tin, and sheet iron.....	10.72	Slaughtering and meat packing.....	15.02
Cotton goods, etc.....	8.66	Smelting and refining copper.....	23.25
Flour-mill and gristmill products.....	16.32	Smelting and refining lead.....	5.29
Foundry and machine-shop products...	10.23	Sugar and molasses (not beet sugar)...	7.15
Furniture and refrigerators.....	11.66	Tobacco manufactures.....	20.71
Hosiery and knit goods.....	15.42	Woolen, worsted, and felt goods, etc....	10.98

PARAGRAPH 409—BOOK PAPER.

Indeed, there are only 4 of the 39 industries mentioned which do not show a higher percentage of returns than pulp and paper.

We are perfectly sure the difference is still quite as great, if it has not actually increased; and we are very much inclined to the opinion that it has increased, because since that date the cost of manufacturing paper has gradually and materially advanced, while there has been no appreciable change in the selling price. This contention is clearly demonstrated by the figures compiled by Charles P. Neill, Commissioner of Labor, contained in Senate Document No. 436, presented on March 21, 1910. In that document a comparison of the cost of the principal items entering into the manufacture of book paper between the years 1900 and 1908 is as follows:

Article.	1900	1908
Coal—bituminous (Georges Creek at mine).....	100.0	120.1
Hemlock.....	100.0	126.5
Lime.....	100.0	162.9
Poplar.....	100.0	154.7
Rosin.....	100.0	204.8
Spruce.....	100.0	119.7
Alum.....	100.0	100.0
Brimstone.....	100.0	103.1
Jute.....	100.0	115.8

A table prepared by the Committee on Printing of the House of Representatives, printed in the Mann report, likewise compares the cost of labor and the selling price of paper as follows:

	1900	1908
Machine-finished book.....	100.0	89.2
Super book.....	100.0	84

Relative hours per week and relative wages per hour in the principal manufacturing and mechanical industries, 1900–1907:

Paper and wood pulp.

	1900	1907
Relative hours per week.....	100.0	90.2
Relative wages per hour.....	90.2	122.6

It is thus clearly demonstrated that the net return on capital invested in the paper industry must at this time be even less than shown by the foregoing table. It also indicates that the mills have been obliged to meet the increased cost of manufacture by a constant development of efficiency in operation, which latter has its limit—a limit that in many cases has already been practically reached.

The manufacturer of book paper has not at any time endeavored to increase his profits by depriving labor of its just reward. It will be interesting to note a comparison between the American scale of wages and the wages paid by the European manufacturer, with whom he is obliged to compete. The following figures are fairly representative of the compensation to the workers in the different departments of a paper mill in this country:

Repair crew:

Carpenters.....	\$2.50 to \$3.00
Blacksmiths.....	2.75
Machinists.....	2.50 to 3.50
Painters.....	2.25
Masons.....	4.00
Pipe fitters.....	2.50 to 3.50
General repair men.....	2.50 to 3.50

PARAGRAPH 409—BOOK PAPER.

Enginemmen.....	\$2. 75 to \$3. 00
Oilers.....	2. 20
Firemen.....	2. 35 to 2. 90
Ash pullers.....	2. 00
Electric power men.....	2. 50 to 3. 00
Acid makers.....	2. 70
Head burners.....	3. 00
Alkali makers.....	2. 35
Bleach makers.....	2. 15
Chipper men.....	1. 90 to 2. 00
Cookers.....	2. 50 to 3. 25
Evaporators.....	2. 50
Rotary men.....	2. 35
Pump men.....	3. 00
Head beatermen.....	3. 50
Color men.....	2. 75 to 3. 00
Machine tenders.....	4. 00 to 5. 00
Backtenders.....	2. 00 to 2. 50
Rewinders.....	2. 00
Finishers.....	2. 00 to 2. 25
Stock runners.....	1. 90 to 2. 50
Counter girls.....	1. 25

On the other hand, we may take as fairly representative of the European wages the figures recently supplied by the Imperial Government as to labor in German paper mills for the year 1910, covering 411 reports, including 3,304 skilled and 2,325 unskilled workmen:

	Maximum wage per hour.
100 unskilled.....	\$0. 06
993 skilled, 1,802 unskilled.....	. 08
1,752 skilled, 423 unskilled.....	. 11
423 skilled.....	. 13
136 skilled.....	. 16

The figures so far as obtainable would indicate that the other European paper-producing countries are about on a par with Germany in respect to wages. All of which indicates that the foreign wage amounts to about 45 per cent of that paid by the American producer.

In conclusion let the position and demand of the manufacturer of book paper be distinctly understood. He is not asking for any special favor, and he does not seek to have the Government extend to him consideration which is not enjoyed by every other citizen. At the same time he believes it is his right to insist that there should not be imposed upon him a peculiar burden.

We may all have very decided personal views concerning governmental policies, but book paper manufacturers are nevertheless willing to take their chances and endeavor to live and continue business under any policy that may be adopted, provided the same be applied with impartiality to all American interests. Whether it be protection, high or low, tariff for revenue, or even free trade, they will endeavor to accommodate themselves to the policy if it be uniformly applied to all American interests and applied alike to both the market of purchase and the market of sale.

TESTIMONY OF RICHARD T. STEVENS, PRESIDENT JAPAN PAPER CO.

The witness was duly sworn by the chairman.

Mr. STEVENS. Mr. Chairman and members of the committee, I have a short brief about only one phase of the paper schedule.

The Japan Paper Co. is a corporation composed entirely of American citizens doing business in New York as importers of high-grade printing papers.

In 1912 the importations of this company amounted to \$150,000, upon which duties were paid to the Government amounting to \$47,000.

PARAGRAPH 409—BOOK PAPER.

Prior to the passage of the act of 1909, "paper commercially known as handmade, or machine handmade paper, Japan paper, and imitation Japan paper by whatever name known" were classified by the Board of Appraisers as printing paper and were entered under paragraph 409 as printing paper.

Under the act of 1909 Congress, however, specifically exempted "paper commercially known as handmade or machine handmade paper, Japan paper, and imitation Japan paper by whatever name known" from the classification of printing paper and put such paper in paragraph 413 under the head of writing paper.

Your witness respectfully states that this classification is unjust and improper inasmuch as none of the papers thus described in paragraph 413 are used for stationery or writing paper, but in nearly all instances are sold to the printing and publishing trades.

The greater volume of the papers thus imported are manufactured by hand and are the products of Japan, China, France, Italy, Germany, and Spain. No paper is manufactured by hand in this country, and, therefore, these papers do not come in competition with any American manufactures.

We respectfully request that paragraph 409 be amended to read as follows:

Printing paper, unsized, sized, or glued, suitable for the printing of books and newspapers, not specially provided for in this section, valued at not above 3 cents per pound, 5 per cent ad valorem; valued at over 3 cents per pound, 10 per cent ad valorem: *Provided, however,* That as long as such papers valued at not above 4 cents per pound are admitted free of duty from Canada they shall also be admitted free of duty from other countries.

We also respectfully request that paragraph 413 be amended to read as follows:

Writing, letter, note, ledger, bond, record, tablet, typewriter, onionskin and imitation onionskin papers, calendered or uncalendered, in all weights, 20 per cent ad valorem.

We respectfully submit that by adopting these proposed amendments, thereby properly including the papers therein enumerated in the classification of printing paper, the consumer will be benefited, the importations will be largely increased, and the revenue of the Government will be augmented and without injury to any American manufactures.

Mr. HULL. What change in rates did the Payne law make on your product?

Mr. STEVENS. No change in weights.

Mr. HULL. No, I ask what change in the tariff rates. What were the rates in the Dingley law as compared with the rates placed upon it by the Payne law?

Mr. STEVENS. Under the Payne law these papers have a rate of 15 per cent and 3 cents per pound as writing paper. We ask that it be made 10 per cent as printing paper, and providing that as long as such papers valued at not above 4 cents per pound are admitted duty free from Canada they shall also be admitted duty free from other countries.

Mr. HARRISON. There are no competitors in these papers in this country?

Mr. STEVENS. No, sir.

PARAGRAPH 410—TISSUE PAPER.

Mr. HARRISON. They are noncompetitive products?

Mr. STEVENS. Yes, sir.

Mr. HARRISON. They were not raised in the Payne tariff rates?

Mr. STEVENS. They were raised because of reclassification.

PARAGRAPH 410.

Papers commonly known as copying paper, stereotype paper, bibulous paper, tissue paper, pottery paper, and all papers not specially provided for in this section, colored or uncolored, white or printed, weighing not over six pounds to the ream of four hundred and eighty sheets, on the basis of twenty by thirty inches, and whether in reams or any other form, six cents per pound and fifteen per centum ad valorem; if weighing over six pounds and less than ten pounds to the ream, and letter copying books, whether wholly or partly manufactured, five cents per pound and fifteen per centum ad valorem; crepe paper and filtering paper, five cents per pound and fifteen per centum ad valorem: Provided, That no article composed wholly or in chief value of one or more of the papers specified in this paragraph shall pay a less rate of duty than that imposed upon the component paper of chief value of which such article is made.

TISSUE PAPER.**ARGUMENT ADVANCING REASONS WHY TARIFF ON TISSUE PAPERS SHOULD BE SPECIFIC AND NOT AD VALOREM, ETC.**

Re Schedule M, paragraph 410.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: As American manufacturers and importers of tissue paper we believe that a specific duty on tissue paper is one that will best guard the interests alike of the Government, the American manufacturer, and the honest importers against fraud, which can very easily be perpetrated in the importation of this article.

Cheap grades of tissue paper can not be imported into this country even if they were admitted free, as the prices at which they are sold here are as cheap as those in foreign countries, and therefore the levying of either a high or low duty on them would not bring any revenue to the United States.

In the higher grades, which are made both here and abroad, it is difficult from examination to determine the exact value, in evidence of which we attach three grades of tissue made in this country, marked, respectively, A, B, and C. A chemical or any other analysis of these papers, in order to determine the class and value of the raw material used in their manufacture, would not show a difference of 10 per cent, whereas the range in the values of these three papers is from 6 to 12 cents per pound, the differences in cost being entirely due to the manipulation of practically the same material, which manipulation can not be discovered by examination of any expert in the manufacturing of paper.

We also submit three samples of imported tissue paper, marked, respectively, No. 1, No. 2, and No. 3 (on file). The cost at port of shipment of these three papers ranges from 13 to 21 cents per pound, and in these also practically the same raw material is used for their production. No expert in paper would be able to detect the great variation in the values of these papers.

It must be apparent that there is great latitude for undervaluation of papers of this class for those who wish to be dishonest, if an ad valorem duty instead of a specific duty were levied.

Tissue paper, among papers, is a class by itself and can not be judged as other papers are, the approximate value of which can be very easily ascertained by determining the material from which they are made.

We would therefore suggest and strongly urge that a specific duty be levied on tissue papers and that the rate assessed be as follows: On paper weighing over 6 pounds and not over 10 pounds per ream, basis 20 by 30 inches, 480 sheets, 4 cents per pound.

On paper weighing not over 6 pounds per ream, basis 20 by 30 inches, 480 sheets, 5 cents per pound.

PARAGRAPH 410—BOX BOARD.

This rate of duty would increase importations, insuring a larger revenue than is now obtained, and would at the same time be only competitive with domestic manufacturers and protect honest importers and the Government from frauds that could easily be perpetrated.

ROSE & FRANK CO.
ALFRED FRANK, *President*.
JAPAN PAPER CO.
RICHARD T. STEVENS, *President*.

STEREOTYPE PAPER.**STATEMENT OF THE WOOD FLONG CO., NEW YORK, N. Y.**

NEW YORK, *January 25, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Committee Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: We respectfully request that the consideration of the present existing tariff on stereotype paper matrices receive the earnest consideration of your committee.

This company imports from Germany a prepared paper and pulp flong which is used by newspapers for the making of stereotype molds from which printing plates are cast.

These flongs have been classified by the customs authorities as "cardboard," and we have been compelled to pay a duty amounting to 35 per cent. This excessive duty has made it impossible for us to derive any revenue from the sale of these flongs, since it has compelled us to make a selling price that newspapers can not afford to pay.

These flongs are made by secret process in Germany and can not be made in this country. There are no successful dry flongs made in this country, and therefore by placing them on the free list no home industry could be in the least injured. These dry flongs fill a long-felt want with all American newspapers which use the stereotype process, and these papers would be greatly benefited if they could purchase the flongs at a reasonable price.

We further submit that these flongs are neither cardboard or pasteboard. They are stereotype molds made from wood pulp. They are not laminated, and are therefore not pasteboard.

We hope that this matter will have your favorable consideration, and if further light on the subject is wanted by your committee, we respectfully refer you to Mr. John Norris, chairman committee on paper, American Newspaper Publishers' Association. Mr. Norris can tell you of the great benefit that American newspapers would derive from the use of the dry flong if the excessive tariff did not make its use commercially impossible.

Yours, very truly,

WOOD FLONG CO.
B. WOOD, *General Manager*.

BOX BOARD.**BRIEF OF THE BOX BOARD MANUFACTURERS' ASSOCIATION.****THE INDUSTRY.**

Manufacturers of all kinds of paper boards for boxes and shipping containers.

THE ORGANIZATION.

West of the Allegheny Mountains the Box Board Manufacturers' Association, which comprises 18 mills, producing 1,000 tons daily, out of a total production in the West of 1,700 tons per day. There are about 20 western mills not affiliated with our association.

The production east of the Alleghenies is of about the same volume. These mills are not connected with our organization. The conditions of manufacturing, etc., are practically the same, with the exception that the board, known as strawboard, is not manufactured in the East to any extent.

PARAGRAPH 410—BOX BOARD.

THE RAW MATERIAL.

The raw materials used in manufacturing this product are: Waste paper, straw, sulphite, and ground wood, chemicals.

The most important raw material in use is waste paper, which is collected in all of the larger cities and in many of the smaller ones by junk dealers, and is baled in packages of from 200 to 1,000 pounds each and shipped usually to some near-by mill.

The straw in use by the western mills comes from the farms in the territory usually within a radius of 150 miles of the mill. The sulphite, ground wood, and chemicals form a comparatively small item of expense in the cost of a ton of this product.

LABOR.

The labor in box-board mills is very largely common labor. There is not to exceed in any of the mills more than 20 per cent of what might be called skilled labor.

INVESTMENT.

The investment in these mills in the West will aggregate about \$15,000,000 and in the East of about \$12,000,000, a total of \$27,000,000.

The annual output of a given board mill will just about equal the capital invested.

The cost of the finished product varies but little in any part of the country. There are some advantages, of course, obtaining to the very large mills, but the volume of tonnage produced by the larger mills is not greatest; the greater part of the tonnage being produced by mills ranging from 30 to 50 tons each per day.

THE ELEMENTS OF COST.

The chief items of cost in producing paper board may be roughly classified as follows and in about the proportions given:

	Per cent.
Raw material.....	45
Labor.....	20
Fuel.....	8
Transportation.....	7
Interest and discount.....	5
Mill supplies, etc.....	10
Selling and emergency.....	5
Total.....	100

THE COMPETITION.

Under the present tariff schedules there is practically no competition from Europe with this product in this country. The rate is about high enough to prevent the selling by foreign mills in our markets.

Mills located in Holland chiefly are able to produce a strawboard which meets the needs of European markets at a cost very much below our own, due to the fact that raw material and labor is considerably cheaper. The present price of their product in the London market is \$22.50 per ton. Our western mills, which produce all of our strawboard, can not deliver this product on the eastern seaboard at less than a cost of \$24.50 to the mill and, in some instances, their cost will run much higher than this.

The rate of freight of the foreign mills would enable them to compete with our mills in the eastern markets of this country if the existing tariff is changed to any extent. Our mills have some advantage in the fact that they can render the service more promptly and in the most of the weights, produce a better article, but if the tariff were changed to any extent the foreign mills manufacturing strawboard would be enabled to take a good part of our eastern business.

PARAGRAPH 410—BOX BOARD.

STRAW.

There has been a large advance in the price of straw, the raw material used in this board. Our farmers, since they are receiving higher prices for all their other products, are insisting on getting much higher prices for a waste product like straw, and last winter many of our people were unable to buy straw at all, the farmers refusing to handle it at prices the mills could pay.

When the present tariff was enacted, the price of raw straw at the mill ranged around \$4.50 to \$5 per ton. The present price is considerably above \$7 and last winter it ranged as high as \$9 and \$10 per ton.

On all of the other classes of box board, which is manufactured almost entirely of waste paper, there would not be immediate danger or competition to our mills, as the European mills have not at present the equipment, the skill, or the knowledge of conditions, etc., which would enable them to displace our product; but if the tariff were changed to any extent there is no doubt but what they would begin to calculate on the great American markets, and mills would be built at or near all of the ports in Europe. If foreigners did not build these mills, our own people—or, rather, people who had a knowledge of the business—in one way or another here, would immediately begin the promotion and building of mills in foreign countries, thereby jeopardizing the investment of every mill in America.

OUR CONTENTION.

The argument which we beg to submit to the committee is based chiefly upon the difference in the cost of their raw material and labor, the difference being greater in the raw material than on the labor; and, in this respect, this is one of the very few commodities which could be successfully manufactured in any of the European centers where the raw material would be cheaper by 50 per cent than it is in our own country.

The raw material, as said before, in the manufacturing of this product, consists of waste paper of all varieties. It is collected and handled by junk dealers and the mills have no control whatever of their source of supply. It could not under any circumstances be monopolized or controlled in this country, and we would face conditions in Europe where a producer there would have an advantage to begin with in the raw material alone of over \$5 per ton—a handicap which we could not possibly overcome without the protection of the present tariff. There would, of course, be a wide difference in the labor cost, as common labor chiefly is used, and this difference would amount to perhaps \$2.50 to \$4 per ton. I would say, speaking broadly, that the other items of expense would not vary to any great extent.

As illustrating the conditions in reference to raw material it may surprise those who are not informed to know that at present mills as far west as Rockford, Ill., and St. Paul, Minn., have been importing common waste paper in bales from markets like Liverpool, Glasgow, Manchester, etc. This is due to the fact that there has been a scarcity of this waste paper in our markets, and the prices asked were exorbitant, and the mills found it practicable to buy the material through agents in foreign markets, to pay the freight on it across the ocean, then 1,500 miles into the interior, at a cost lower than they could purchase their local product. It is, of course, obvious that the original cost of raw material was exceedingly low. This is true now and always has been and always will be until mills are built in Europe consuming the large quantities of waste material which at present they ship to this and other countries.

We respectfully submit that the committee need not go further than discover the truth as to the above assertions in regard to raw material and they are bound to be led to the conclusion immediately that it would not be fair to an industry which is characteristically American and in which there is so much money invested in this country to place it on a competitive basis against foreign concerns who could buy their raw material for one-half the price which it is necessary to pay in America.

We beg further to cite the rather anomalous condition that of the investment of \$80,000,000 in this industry there is not one dollar of watered stock and there are no interests or no monopolistic combinations which control any branch of it. The mills are located in all the Eastern, Middle Northern, and Western States up to the Mississippi River and are in nearly all instances owned by local

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capital by people who have spent their lives in the industry and to whom the loss of even one season's business would be a serious menace.

Of the mills in the West there have been during the last five years a very large number of receiverships, due to the fact that there was an overproduction of this commodity and the prices went down to figures much below the cost of manufacturing the product, and many of the mills were not able to stand this strain.

EARNING POWER OF THE MILLS.

We wish to go on record and can furnish proofs if asked that during the past five years the capital invested in this business in this country has not paid an average of 5 per cent to the stockholders and owners. There have been a few of the larger mills that have earned as much as 10 per cent, but there have been no such things as bonanza profits or bonanza years in this business and never will be. The depreciation in the mills is very great, as the machinery is operated continuously and the emergency losses are also very great, due to the fact of the uncertain market conditions which are affected by all branches of trade.

Very respectfully submitted.

CHARLES R. WHITE,
For the Box Board Manufacturers' Association.

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Papers with coated surface or surfaces, not specially provided for in this section, five cents per pound; if wholly or partly covered with metal or its solutions (except as hereinafter provided), or with gelatin or flock, or if embossed or printed, five cents per pound and twenty per centum ad valorem; papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process, four and one-half cents per pound; if embossed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, five cents per pound and twenty per centum ad valorem: Provided, That paper wholly or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on a basis of twenty by twenty-five inches, shall pay a duty of five cents per pound and twenty-five per centum ad valorem; parchment papers, and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent, or partially so, by whatever name known, two cents per pound and ten per centum ad valorem; all other grease-proof and imitation parchment papers, not specially provided for in this section, by whatever name known, two cents per pound and ten per centum ad valorem; bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or wood covered with any of the foregoing paper, five cents a pound and thirty per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem; plain basic papers for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes, three cents per pound and ten per centum ad valorem.

SURFACE-COATED PAPER.**TESTIMONY OF CHARLES W. WILLIAMS, OF NEW YORK CITY.**

The witness was duly sworn by the chairman.

Mr. WILLIAMS. Mr. Chairman and gentlemen of the Ways and Means Committee, I represent Charles W. Williams & Co., who are general paper jobbers in surface-coated papers, for the purpose of covering paper boxes. We buy these papers from nearly all of the domestic mills. We also buy them from some of the foreign mills. We ask that the present tariff law be changed—section 411, providing that paper with coated surface or surfaces, not specially provided for, be

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changed from a specific duty of 5 cents per pound—which is a very innocent looking statement, but which really means a duty of from 75 per cent to 127 per cent, shall be changed to an ad valorem duty of 50 per cent. If wholly or partly covered with metal, or its solutions, or with gelatin or flock, or if embossed or printed—be changed from the combination of specific duty and ad valorem duty, viz, 5 cents per pound and 20 per cent ad valorem, to a wholly ad valorem duty of 30 per cent. If suitable for lithographic transfers, that the duty be changed from the classification in which it now is, viz, paper with coated surfaces, not otherwise provided for, to a specification by itself, and that a duty be assessed on that article of 25 per cent.

I might state that the lithographic transfer paper is an article which is not made in this country; that the duty which is on it to-day of 5 cents per pound is equivalent to 25 per cent; but for special reasons we would prefer to have that enumerated by itself and a duty laid ad valorem instead of specifically.

Mr. LONGWORTH. Excuse me, I did not catch what your business was?

Mr. WILLIAMS. We are paper jobbers.

Mr. LONGWORTH. You are not manufacturers?

Mr. WILLIAMS. We are not manufacturers.

Mr. LONGWORTH. You are importers?

Mr. WILLIAMS. We are importers to a certain extent, and also we are jobbers of the domestic goods; we are good friends of the domestic manufacturers. We are also friends of 2,000 paper box manufacturers, who have to pay the bill, and we are here to protest against a prohibitive duty.

Mr. LONGWORTH. What proportion of your product is imported?

Mr. WILLIAMS. In the year ending June 30, 1912, 2 per cent was imported. There was formerly 4 per cent imported; it has been reduced to 2 per cent, and is gradually being reduced to a vanishing point.

Mr. FORDNEY. Reduced under the Payne tariff law?

Mr. WILLIAMS. Under the Payne tariff law; yes, sir. I might state, gentlemen, that in 1908 we were promised a revision of the tariff downward; and to our surprise the domestic manufacturers, who were already getting an average of about 65 per cent on our class of goods, surface-coated papers, came here and, through some very exaggerated statements, induced this committee to raise that average of 65 per cent to over 100 per cent. On hearing of this—

Mr. PAYNE (interposing). What paper is that on?

Mr. WILLIAMS. Surface-coated paper—paragraph 411; paper with coated surface or surfaces.

Mr. PAYNE. The Treasury reports do not seem to bear out that statement.

Mr. FORDNEY. Grease-proof paper, you are speaking of?

Mr. WILLIAMS. No, sir; surface-coated paper for paper boxes, not grease-proof paper; paragraph 411. When we found that the Ways and Means Committee had raised this duty or revised it upward, from 65 to 100 per cent, we appeared before the Finance Committee of the Senate and we proved to them that these statements made to them by the domestic manufacturers were grossly exaggerated, to say the

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least, and they put the duty back, or amended it, so as to put it back again to the Dingley schedule. But in the conference committee between the Senate and House, through means we do not know about, as to why or how, the duty was put through at the increased duty of from 65 per cent to about 100 per cent. We think that the committee were imposed upon, and we wish to explain our reason for this—

Mr. LONGWORTH. Now, pardon me, right there. The Treasury reports show that during last year there was imported \$555,000 worth of this paper, at an average ad valorem of 50 per cent.

Mr. WILLIAMS. Fifty-eight per cent; yes, sir; I would like to explain that.

Mr. LONGWORTH. But you explained a moment ago that the duty was 150 per cent.

Mr. WILLIAMS. I stated that the duty averaged on our class of goods from 75 per cent to 127 per cent. The reason that that classification is unfair and wrong is that it includes in that general classification of paper not otherwise specified a large quantity of lithographic transfer paper, which is a valuable paper, and the duty on that figures 25 per cent. Our duty is from 75 per cent to 127 per cent. By combining both of them it brings the general average down to 58 per cent, which the Congressmen can not see. And that is why this is, but it is a general average; therefore we ask that the lithographic transfer paper be separately enumerated. The importers of that class of paper are satisfied with the duty of 5 cents a pound; it means 25 per cent to them; but if it is separately enumerated the classification of the customhouse statistics will show just exactly what we import and what they import. Their duty is 25 per cent and our duty is a little over 100 per cent, and the average duty is about 58 per cent.

Mr. LONGWORTH. You mean that that class of paper is worth about three times as much as yours?

Mr. WILLIAMS. Yes, sir.

Mr. LONGWORTH. Although it is listed in the same paragraph?

Mr. WILLIAMS. Yes; although it is listed in the same paragraph; there is injustice, and the statistics do not do us justice; they do not give either our percentage nor their percentage; their per centums is low, ours is high, and the average is 58 per cent. As a matter of fact, three-fourths of the different items we used to import have been absolutely shut out and there are no importations in them.

The statistics, or the census of the Government of 1910, for surface-coated paper manufactured in this country show that there were manufactured here 104,200 tons. During that same year there were imported 3,098 tons, showing a total consumption of 107,298 tons of surface-coated paper. We estimate that the consumption in this country for the year ending June 30, 1912, is 110,000 tons. There were imported for the year ending June 30, 1912, 2,275 tons, about 2 per cent. It was very small under the Dingley law, about 4 per cent; but the domestic manufacturers were very loath to see any of it coming in and they persuaded you to raise the duty. The importations during the most favorable years of the Dingley law were 8,263,848 pounds. For the year ending June 30, 1912, they were 4,549,317 pounds, showing a reduction in the importations of 3,714,531 pounds. We estimate, gentlemen, that if you will adopt the schedule we propose the

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importations will increase from 2,275 tons to about 10,000 tons, or about one-tenth of the consumption in this country, and that the revenue——

The CHAIRMAN (interposing). What do you fix the consumption of that particular paper in this country at?

Mr. WILLIAMS. The consumption is about 110,000 tons; and that the revenue that will be produced will be about \$1,500,000, whereas during the year ending June 30, 1912, the revenue was \$277,585.

I have distributed this brief amongst the members of the committee for the reason that I have some samples in the back of the paper which will illustrate to you very clearly the kind of papers we are talking about, and if you will look at sample No. 5 you will see that there is a domestic friction glazed paper. This paper is produced after it is coated by running between two rolls, the upper roll running faster than the lower one, producing that glazed finish. More than half of the paper that is consumed is this friction glazed paper, that can not be imported, for the reason that they do not make it on the other side; it is a cheap paper, and it is sold in this country from \$1 to \$1.50 a ream for the white paper and \$1.75 a ream——

Mr. FORDNEY (interposing). You say that because of its cheapness it can not be imported from abroad?

Mr. WILLIAMS. It can not be imported, because the foreign mills do not make it; they make a better article at the same price, or a little higher price. More than half of the paper that is used in covering paper boxes is this cheap friction glazed paper.

Now, I would like to refer the committee to sample No. 1 in my brief. There is what we call the flint glazed paper. We have figured out the exact labor cost on a ream of this paper, viz, we have taken the figures of the domestic manufacturers which they submitted in their brief of September 21, 1908, and published in public hearings of the Sixtieth Congress, volume 6, page 6099. We are taking their figures, to be absolutely fair with them. They give the percentage of labor cost in a ream of paper as 21.8 per cent. Taking their own figures, \$2.25 for flint paper makes the labor cost on a ream of that flint paper 49 cents.

Mr. HAMMOND. Thirty-nine per cent, is it not?

Mr. WILLIAMS. Well, 39 cents is the excess of labor cost. The actual labor cost is 49 cents, and their own figures of the foreign labor cost are 10 cents; deducting the foreign cost from the domestic cost gives an excess of cost of the domestic labor over foreign labor of 39 cents per ream. And we are asked to pay a duty of \$1.35 a ream to protect that 39 cents. It is useless to say to you gentlemen that there is absolutely none of it imported.

Mr. FORDNEY. Has the high tariff which you speak of, which has prohibited the importation, caused the value of that class of paper to increase to the consumers in this country?

Mr. WILLIAMS. Yes, sir.

Mr. FORDNEY. How much has——

Mr. WILLIAMS (interposing). About 35 cents a ream.

Mr. FORDNEY. How much has the value of that paper to the consumer increased since the adoption of the Payne tariff law?

Mr. WILLIAMS. About 35 cents a ream; from 25 cents to 35 cents.

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Mr. FORDNEY. Is that generally so of the entire paper manufactured?

Mr. WILLIAMS. Yes, sir. The box makers are represented here, about 2,000 of them, and they will tell you.

Mr. FORDNEY. I mean generally, on all classes of paper?

Mr. WILLIAMS. It is true with the list all along; the cost has been increased through the action of Congress; the money is taken out of the pockets of 2,000 paper-box manufacturers and put into the pockets of five to eight domestic manufacturers.

Mr. FORDNEY. I thought, my friend, you said all paper has advanced in price?

Mr. WILLIAMS. I say of this class of paper we sell.

Mr. FORDNEY. I thought you said all kinds of paper manufactured?

Mr. WILLIAMS. I do not know anything about the other kinds of paper manufactured. This is the only kind of paper that we import, and we know both sides of the question as to this paper.

Mr. FORDNEY. And you know that the tariff law of 1909 caused that increase?

Mr. WILLIAMS. Yes, sir.

Mr. FORDNEY. Are you positive of that?

Mr. WILLIAMS. I am positive about it; I have paid the bills; I buy from the domestic manufacturers and from the foreign manufacturers.

Mr. FORDNEY. Has your cost of production increased any since that time?

Mr. WILLIAMS. Not that I know of.

Mr. FORDNEY. Well, you are a manufacturer?

Mr. WILLIAMS. No, sir; I am not a manufacturer. I am a jobber. I will say—

The CHAIRMAN (interposing). Your time is up. Are there any further questions?

Mr. WILLIAMS. You gentlemen have taken up so much of my time in asking questions that I have not been able to finish. If you will give me just a minute—

The CHAIRMAN. That is true. I have tried to allow you, as far as I could, for the time occupied by the gentlemen asking you questions.

Mr. WILLIAMS. I simply want to close. I just want to ask that the committee give us an ad valorem duty, instead of a specific duty, for the reason that the specific duty hides a great many jokers, which persons not in the business will not understand. I want it clear and plain, so that everybody who regards the duty as—

Mr. FORDNEY (interposing). You think that if the Payne law was amended as you suggest, no jokers could creep in, do you?

Mr. WILLIAMS. I do not think they could, if the Government is active and has their agents in the foreign countries, who know the value of the goods in the foreign countries.

Mr. FORDNEY. Is that generally so under the ad valorem rate in the tariff law?

Mr. WILLIAMS. I do not know anything about that, except the paper business.

Mr. FORDNEY. Then you do not know, because the paper business is not on that basis?

Mr. WILLIAMS. What is that?

PARAGRAPH 411—SURFACE-COATED PAPER.

Mr. FORDNEY. You do not know whether jokers would or would not creep in, because it is not on the ad valorem basis now?

Mr. WILLIAMS. I do not believe they would creep in.

Mr. HARRISON. Well, these duties are compound duties and are rates levied both ad valorem, and in addition to that specific rates on the goods?

Mr. WILLIAMS. That is so, and they are put in there on purpose, so that heavy papers can not come in at all; and they are put in there for that purpose. I want to say, gentlemen, for the members of the committee, that we want a duty which is competitive and not prohibitive, and that we want a duty on this paper, which is raw material for 2,000 paper-box manufacturers—a duty that will give the Government over \$1,000,000 more income and will save the paper-box makers over \$1,000,000.

Mr. FORDNEY. If the duty was so low that the domestic manufacturer would have to go out of business it would not make a particle of difference to you, would it?

Mr. WILLIAMS. Yes, sir; it would, because there is not a domestic manufacturer that does not manufacture other things besides flint glazed paper. These papers are a side issue with them.

Mr. FORDNEY. Well, so far as "your side issue" is concerned, it would not make any difference to you whether you bought it abroad or bought it in this country, would it?

Mr. WILLIAMS. No, sir; but as an American citizen I want to be free to buy my goods wherever I want.

Mr. FORDNEY. Would it make any difference to your profits?

Mr. WILLIAMS. No, sir. I can make just as much profit from the domestic manufacturer as from the foreign manufacturer. But the paper-box manufacturers want to buy some of their covering paper from abroad.

Mr. FORDNEY. And in asking for a duty that would curtail the wages of the workingman, you are——

Mr. WILLIAMS. I am not asking for a duty that would curtail their wages.

Mr. FORDNEY. That would be the natural consequence, would it not?

Mr. WILLIAMS. I do not think so.

Mr. FORDNEY. The lower price would first of all have to come out of the laboring man's pocket, because——

Mr. WILLIAMS (interposing). I think the laboring man is well able to take care of himself.

Mr. FORDNEY. He was in 1906, was he not?

Mr. WILLIAMS. I do not know anything about that.

Mr. FORDNEY. Well, you were on earth at that time?

Mr. WILLIAMS. I was.

The CHAIRMAN. Will you set forth your views on rates in reference to this particular item, Mr. Williams?

Mr. WILLIAMS. Yes, sir. I thank the committee.

PARAGRAPH 411—SURFACE-COATED PAPER.

BRIEF SUBMITTED BY CHARLES W. WILLIAMS & Co., OF NEW YORK CITY, RECOMMENDING THAT DUTY ON SURFACE-COATED PAPERS BE REDUCED.

The present tariff law provides as follows:

"SEC. 411. Papers with coated surface or surfaces, not specially provided for in this section, five cents per pound; if wholly or partly covered with metal or its solutions (except as hereinafter provided), or with gelatine or flock, or if embossed or printed, five cents per pound and twenty per centum ad valorem; papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process, four and one-half cents per pound; if embossed, or wholly or partly covered with metal or its solution or with gelatin or flock five cents per pound and twenty per centum ad valorem; *Provided*, That paper wholly or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on a basis of twenty by twenty-five inches shall pay a duty of five cents per pound and twenty-five per centum ad valorem; parchment papers, and grease-proof and imitation parchment papers which have been supercalendered and rendered transparent, or partially so, by whatever name known, two cents per pound and ten per centum ad valorem; all other greaseproof and imitation parchment papers, not specially provided for in this section by whatever name known, two cents per pound and ten per centum ad valorem; bags, envelopes, printed matter other than lithographic and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or wood covered with any of the foregoing paper, five cents a pound and thirty per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem; plain basic papers for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes, three cents per pound and ten per centum ad valorem."

We ask that the tariff act be amended by making a rate on surface-coated paper not specially provided for of 50 per cent ad valorem; if wholly or partly covered with metal or its solutions or with gelatin or flock, or if embossed or printed 30 per cent ad valorem; if suitable for lithographic transfers 25 per cent ad valorem.

To accomplish this we ask that section 411 be amended to read:

"Papers with coated surface or surfaces not specially provided for in this section, fifty per centum ad valorem; if wholly or partly covered with metal or its solutions or with gelatine or flock, or if embossed or printed, thirty per centum ad valorem; if suitable for lithographic transfer purposes, twenty-five per centum ad valorem; parchment papers, and greaseproof and imitation parchment, papers which have been supercalendered and rendered transparent, or partially so, by whatever name known, two cents per pound and ten centum ad valorem; all other grease-proof and imitation parchment papers not specially provided for in this section, by whatever name known, two cents per pound and ten per centum ad valorem; bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper, or wood covered with any of the foregoing paper, five cents per pound and thirty per centum ad valorem; albumenized and sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem; plain basic papers for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes, three cents per pound and ten per centum ad valorem."

EXPLANATORY.

Your petitioners are and have been for several years wholesale jobbers and importers in surface-coated papers used almost entirely by paper-box manufacturers for covering paper boxes. We buy all of the paper classified in this petition from foreign mills, and also from domestic mills, so that we know exactly both the domestic and foreign manufacturers' selling prices, and are fully aware of all the conditions affecting and controlling the trade.

We ask that the clause "Papers, including wrapping papers with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process, 4½ cents a pound" be omitted. This clause was inserted at the suggestion of one of the domestic manufacturers to keep out a certain fancy paper of which he produces about 5 tons a year. It succeeded in prohibiting the importation of enormous quantities of fancy kraft wrapping paper, which it was not intended to effect at all.

PARAGRAPH 411—SURFACE-COATED PAPER.

But the wording is so explicit that the appraisers had no option but were compelled to apply the rate of $4\frac{1}{2}$ cents per pound on a 3-cent wrapping paper, a thing that domestic manufacturers never intended. We also ask that the clause "*Provided, That paper wholly or partly covered with metal or its solutions and weighing less than 15 pounds per ream of 480 sheets, on a basis of 20 by 25 inches shall pay a duty of 5 cents per pound and 25 per centum ad valorem*" be omitted. This clause is amply covered by changing the duty entirely to ad valorem; namely, by placing a duty of 30 per cent ad valorem on paper wholly or partly covered with metal or its solutions.

We wish at the outset to state that the papers which can be imported under the very general classification of "Paper with coated surface or surfaces" are practically all divided between surface-coated paper for box purposes and paper for lithographic transfer purposes. Lithographic transfer paper is very expensive and the present duty of 5 cents per pound is the equivalent of 25 per cent ad valorem. They sell in Germany at \$20 per ream of 100 pounds, which at 5 cents per pound makes \$5 duty or 25 per cent. This paper is not manufactured in the United States. For the purpose of revenue we believe all importers are willing to let the duty on this paper remain the same as at present, but prefer it to be expressed as an ad valorem duty of 25 per cent.

The Bureau of Statistics of the Customs Department of the Government, does not separate the lithographic transfer paper from the ordinary surface-coated paper used for covering paper boxes. We, therefore, for the purpose of having accurate statistics, ask that the lithographic transfer paper be separately enumerated and that a duty of 25 per cent be made on this item.

The surface-coated papers for covering paper boxes under the present duty have a specific and a combination of specific and ad valorem duty. We ask that it all be made entirely ad valorem, so that it will be easily computed and that any one will know exactly what the duty means in relation to the value. The duties on these papers as paid under the present tariff in actual practice amount to an ad valorem duty of from 75 per cent to 127 per cent most of the items bearing a prohibitive duty. The Government figures by combining in the one total, lithographic transfer paper and glazed and other papers for paper boxes show an average of 58 per cent, but because of improper and inadequate classification, the Government figures regarding importations are misleading and not a correct guide for either class of goods.

We estimate the total consumption of surface coated papers, domestic and foreign, for covering paper boxes and for lithographic transfer purposes in the United States at 60,000,000 pounds and for books, catalogues, and printing purposes 160,000,000 pounds. The importation for the year ending June 30, 1912, was only 4,549,328 pounds, and the duty collected on the same was only \$277,585. We estimate the increase of the importations under the proposed duty will be 15,000,000 pounds upon which increase duty would be paid amounting to \$1,120,000; thus not only increasing the income of the Government, but also at the same time reducing the cost of a raw material for making paper boxes over \$1,000,000 and therefore the cost of living to the masses of the people and still protecting American capital and labor.

REASONS FOR REDUCTION.

Our reason for recommending a reduction of these tariff rates is to make the tariff competitive and not prohibitive and to provide more revenue for the Government.

The tariff to be fair to everyone must be competitive; it must be reduced to a rate which will allow the importer to get his paper in open competition with the paper manufactured here. After reducing the duty as we propose, we have still remaining sufficient duty, much more than enough, to protect the difference between foreign and American labor.

Our further reason for recommending the change from a "specific rate" and a combination of a "specific and ad valorem rate" to a "flat ad valorem rate" is that the tariff may be clear, certain, and free from ambiguity. By combining the two, the domestic manufacturers have ingeniously contrived by means of the rates and the wording of the present tariff to prohibit from importation a large percentage of various kinds of paper formerly imported under the Dingley tariff.

Surface-coated papers are manufactured by two processes—a "flint" process and a "friction" process. The "flint" finish is produced by rubbing the paper after it is coated with a flint stone. The "friction" finish is produced by running the coated paper between two rollers, the one roller running faster than the other, thus producing a glazed surface.

PARAGRAPH 411—SURFACE-COATED PAPER.

by our greatly improved processes that the foreign mills can not possibly compete with our mills. (See attached sample marked No. 5.)

On the white flint glazed paper under the present law and under the Dingley law there have never been any importations of any consequence.

On the colored flint glazed, embossed, and metal-coated papers competition existed to a certain extent under the Dingley law. The average price of the papers was about 35 cents per ream; less to the consumer than at present, and at the same time, according to the reports of Dun and Bradstreet, the domestic manufacturers were in a very prosperous condition.

Of the surface-coated papers that can be imported in competition with the domestic goods, if this proposed change is adopted by your honorable body, all may be accurately classified as follows:

No. 1, white flint glazed paper.

No. 2, colored flint glazed paper.

No. 3, embossed surface-coated paper.

No. 4, metal-coated paper.

Samples of each variety are attached hereto and similarly marked.

We will illustrate the effect of the tariff on each of these items under three headings:

(a) The present tariff, (b) the Dingley law, and (c) the duty we propose.

We place them in this order for the reason that we wish to make it clear that the present or Payne tariff is higher than the Dingley tariff, which was already excessively high, and our proposed rate is more just than the Dingley rates.

NO. 1. WHITE FLINT GLAZED PAPER.

About 40 per cent of all the flint glazed paper used is white flint glazed. It weighs 30 per cent heavier than the colored flint glazed. It can not be made lighter. The present duty (5 cents per pound) is an equivalent of 127 per cent ad valorem, and is prohibitive. Even under the Dingley law which averaged 80 per cent the duty was prohibitive and practically none of this paper was even then imported.

To make the imported white flint competitive, we advocate the duty of 50 per cent ad valorem. White flint costs to manufacture here less than the colored flint, and the duty should therefore be less than the duty on the colored, whereas it is now 30 per cent higher. This shows the evil of the specific duty, which was purposely put in to absolutely shut out this class of paper.

(a) *Present duty of 5 cents per pound.*—Cost f. o. b. foreign port, \$1.06 per ream (basis, 500 sheets, size 20 by 24 inches, weighing 27 pounds). Duty, \$1.35 per ream, equal to 127 per cent ad valorem. Cost of cases, ocean freight, insurance, cartage, consular fees, customhouse brokerage, etc., 20 cents per ream. Total, \$2.61 per ream. Domestic white flint sells at \$1.90 to \$2 per ream. The duty is plainly prohibitive.

(b) *Dingley tariff of $2\frac{1}{2}$ cents per pound and 15 per cent ad valorem.*—Cost f. o. b. port, \$1.06 per ream. Duty, \$0.84 per ream, equal to 80 per cent ad valorem. Cost of cases, ocean freight, etc., 20 cents per ream. Total, \$2.10 per ream. Domestic flints sell at \$1.90 to \$2 per ream. This duty was also prohibitive.

(c) *Proposed duty of 50 per cent ad valorem.*—Cost f. o. b. foreign port, \$1.06 per ream. Duty \$0.53 per ream. Cost of cases, ocean freight, etc., 20 cents per ream. Total, \$1.79 per ream. The importers after paying 10 per cent overhead expenses, comprising storage, selling, delivery, insurance and office maintenance, could just about meet domestic manufacturers' price on a competitive basis.

NO. 2. COLORED FLINT GLAZED PAPER.

This is the only flint glazed paper which is to-day imported on anything like a competitive basis, but on account of the high duty the quantity is fast diminishing to the vanishing point. The margin is now so narrow that importers can not afford to handle it.

(a) *Present tariff of 5 cents per pound.*—Cost f. o. b. foreign port, \$1.06 per ream (basis 500 sheets size 20 by 24 inches weighing 20 pounds). Duty \$1 equal to 94 per cent ad valorem. Cost of cases, ocean freight, insurance, cartage, consular fees, customhouse brokerage, etc., 15 cents per ream. (This cost is 5 cents less than on white flint as, because of its lighter weight, more reams of colored flint can be packed in each case). Total \$2.21 per ream. Domestic flints sell at \$2.25 per ream. The margin for importer's profit and expenses is not enough to pay to handle.

(b) *Dingley tariff of $2\frac{1}{2}$ cents per pound and 15 per cent ad valorem.*—Cost f. o. b. foreign port, \$1.06 per ream. Duty \$0.65 per ream, equal to 61 per cent ad valorem,

PARAGRAPH 411—SURFACE-COATED PAPER.

Cost of cases, ocean freight, etc., 15 cents per ream. Total, \$1.86 per ream. Domestic flints sold under the Dingley law at \$2 per ream, which left the importer not enough margin to pay his overhead expenses.

(c) *Proposed duty of 50 per cent ad valorem.*—Cost f. o. b. foreign port, \$1.06 per ream. Duty \$0.53 per ream. Cost of cases, ocean freight, etc., 15 cents per ream. Total, \$1.74 per ream. Domestic flints were sold under the Dingley law at \$2 per ream and on this basis the importers, after paying 10 per cent for overhead expenses, could just meet the domestic manufacturers on a competitive basis.

NO. 3. EMBOSSED SURFACE-COATED PAPERS.

The domestic manufacturers slipped into the present tariff under the same duty as the metal-coated papers the words "or if embossed or printed," thus throwing this class of goods, which were imported in limited quantities under the Dingley law, into the prohibitive class. The present high duty has absolutely prohibited the importation of embossed papers, for the reason that a surface-coated paper suitable for embossing must weigh 50 per cent heavier than the surface-coated paper which is not embossed.

(a) *Present tariff of 5 cents per pound and 20 per cent ad valorem.*—Cost f. o. b. foreign port \$2.75 per ream (basis 480 sheets, size 20 by 24 inches, weighing 31 pounds). Duty \$2.10 per ream, equal to 76 per cent. Cost of cases, ocean freight, insurance, cartage, consular fees, customhouse brokerage, etc., 20 cents per ream. Total, \$5.05 per ream. Domestic manufacturers sell embossed papers at from \$3 to \$5 per ream. Foreign importation is prohibited.

(b) *Dingley tariff of 2½ cents per pound and 15 per cent ad valorem.*—Cost f. o. b. foreign port \$2.75 per ream. Duty \$1.19 per ream, equal to 50 per cent. Cost of cases, ocean freight, etc., 20 cents per ream. Total, \$4.14 per ream. Domestic manufacturers sold embossed papers at from \$3 to \$5 per ream.

Competition existed only on the highest grades.

(c) *Proposed tariff of 30 per cent ad valorem.*—Cost f. o. b. port \$2.75 per ream. Duty \$0.83 per ream. Cost of cases, ocean freight, etc., 20 cents per ream. Total, \$3.78 per ream. On this basis the importers, after paying overhead expenses amounting to 10 per cent, could meet the domestic manufacturers on a competitive basis, and then only on the higher grades. On the lower grades of embossed papers the importers could not compete even if the duty was entirely removed.

NO. 4. METAL-COATED PAPERS.

The great bulk of the paper imported under this heading is imitation copper and imitation tin-foil, used for edging paper boxes. Under the Dingley tariff there was some competition between the domestic and foreign goods, but since 1909 the domestic manufacturers have reduced their prices, so that the importers can not now compete with them, even if the duty was reduced to the Dingley tariff rate. It can very easily be seen, therefore, that the importation of these goods is prohibited, and in consequence it has practically ceased.

(a) *Present duty of 5 cents per pound and 20 per cent ad valorem.*—Cost of goods f. o. b. foreign port, \$1.65 per ream (basis 480 sheets, size 20 by 24 inches, weighing 19 pounds); duty, \$1.28 per ream, equal to 77½ per cent; cost of cases, ocean freight, insurance, cartage, consular fees, customhouse brokerage, etc., 15 cents per ream; total, \$3.08 per ream. Domestic manufacturers are selling these goods to-day at from \$2.67 to \$2.81 net per ream. Foreign goods are excluded.

(b) *Dingley tariff of 3 cents per pound and 20 per cent ad valorem.*—Cost of goods f. o. b. foreign port, \$1.65 per ream; duty, \$0.90 per ream, equal to 54 per cent; cost of cases, ocean freight, etc., 15 cents per ream; total, \$2.70 per ream. Domestic goods were sold at \$2.67 to \$2.81. The importer could not handle these goods and pay his overhead expenses.

(c) *Proposed tariff of 30 per cent ad valorem.*—Cost of goods f. o. b. foreign port, \$1.65 per ream; duty, \$0.50 per ream; cost of cases, ocean freight, etc., 15 cents per ream; total, \$2.30 per ream. Domestic goods are selling to-day at \$2.67 to \$2.81 net per ream. Adding 10 per cent (which is a conservative estimate—it is actually about 20 per cent) for overhead expenses, leaves the importers a chance to meet domestic manufacturers on a competitive basis.

The surface-coated paper which is used most largely in what is called enameled book or wood-cut paper. These goods are not imported, for the reason that they can be made cheaper in this country than in foreign countries, and there would need be no duty at all on this class of goods. However, we are putting it on the ad valorem

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basis of 50 per cent, which certainly need cause no worry to any American manufacturer.

According to the decennial census taken in 1910 there was manufactured in this country during the year 1909 coated paper of all kinds aggregating 104,200 tons. During that same year there was imported, according to the statistics of the customhouse, 3,098 tons. The importation under the most favorable year of the Dingley law, namely, year ending June 30, 1907, was 4,132 tons, and at least 690 tons of this was a class of paper which is not made in this country at all, so that it will be seen that under the worst possible view that can be taken of the Dingley tariff out of 107,298 tons consumed here there were 104,200 tons manufactured in this country, and only 3,098 tons imported in the year 1909.

Under a tariff law made wholly ad valorem, as we propose, we estimate a consumption of 110,000 tons, of which 100,000 tons would be manufactured in this country, and 10,000 tons, or one-tenth of the consumption, imported, and all domestic manufacturers would still do a good business, over \$1,000,000 added to the income of the Government and another \$1,000,000 saved to the great consuming public.

The importations for the year ending June 30, 1909, were 6,195,302 pounds, and for the year ending June 30, 1912, were 4,549,317 pounds, a decrease of 1,645,985 pounds. The customhouse statistics are as follows:

Year.	Wholly or partly covered with metal or its solutions.	Surface-coated paper not specially provided for.	Total surface-coated papers.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1903.....	1,359,110	4,037,646	5,396,756
1904.....	1,186,487	4,351,150	5,537,637
1905.....	1,096,157	3,891,057	4,987,214
1906.....	1,209,681	4,436,055	5,645,736
1907.....	1,380,782	6,883,166	8,263,948
1908.....	1,323,128	4,635,565	5,958,693
1909.....	1,584,781	4,610,521	6,195,302
1910.....	1,761,127	3,852,724	5,613,851
1911.....	1,407,178	3,970,830	5,378,008
1912.....	1,085,175	3,464,142	4,549,317

According to the figures of the eight domestic manufacturers (see tariff hearings, 60th Cong., vol. 6, p. 6099), the item of labor in America is 21.8 per cent of the total cost, and the item of labor in Europe is 9 per cent of the cost. A cablegram January 13, 1913; sent us from the largest mill in Europe, states that their labor cost on a ream of flint paper is 15 per cent, and on embossed papers and metal-coated papers it is 10 per cent. However, taking the domestic manufacturer's own figures, the result is as follows on one ream of paper:

	White flint paper, per ream.	Colored flint paper, per ream.	Embossed papers, per ream.	Metal-coated paper, per ream.
Excess labor cost (domestic over foreign).....	\$0.39	\$0.39	\$0.62	\$0.40
Proposed duty.....	.53	.53	.83	.50
Duty of 1897.....	.84	.65	1.19	.90
Duty of 1907.....	1.35	1.00	2.10	1.28

To get the above table we have taken the American flint papers at \$2.25 per ream, 21.8 per cent of which is 49 cents, and subtracted the European labor cost, namely, 9 per cent of their price, which equals 10 cents per ream, and the result is 39 cents excess per ream paid American labor on flint papers. On embossed papers we take an average cost of \$4 per ream, 21.8 per cent of which equals 87 cents per ream, the American labor cost. Subtracting the European labor cost, namely, 9 per cent on \$2.75, equaling 25 cents per ream, and we have 62 cents per ream excess paid American labor. On metal-coated paper, take the American cost at \$2.50 per ream, 21.8 per cent equals 55 cents labor cost. Subtracting (\$1.65 at 9 per cent) 15 cents European labor cost, we have 40 cents per ream excess labor cost per ream.

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SUMMARY.

We ask that all duties on surface-coated papers be placed on an ad valorem basis.

We ask that surface-coated papers be separately classified as hereinbefore enumerated, so that hereafter the statistics regarding importations may be of value in adjusting rates.

We ask that we, as importers, may have a fair opportunity to compete with domestic manufacturers after allowing for the cheaper labor cost of Europe.

We ask, if the duty on the raw materials used by the domestic manufacturers is reduced by this proposed new tariff act, that a corresponding reduction be made from the ad valorem rates we have suggested, so that the basis of competition may be maintained.

We ask that the duty on surface-coated paper for covering paper boxes, which is raw material for 2,000 paper-box manufacturers in this country, be taken out of the prohibitive class and placed on a competitive basis, thus saving over \$2,000,000 annually to the American consumer, namely, \$1,000,000 direct in the lower price of his goods, at the same time adding \$1,000,000 to the income of the Government.

We ask for an immediate downward revision so that the American public may have the choice of purchasing either foreign or domestic papers without being penalized by an excessively high price in the event that it may wish to purchase any foreign paper.

Respectfully submitted.

CHARLES W. WILLIAMS & Co.,
By CHARLES W. WILLIAMS.

SUPPLEMENTAL BRIEF OF CHARLES W. WILLIAMS & Co.

NEW YORK, *January 27, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: We wish to supplement our brief of January 17, 1913, by stating that we fail, after looking through the brief submitted by the 10 domestic manufacturers of glazed papers to find any facts controverting our figures.

In looking over their figures for selling expense, namely, 54 cents per ream for domestic manufacturers to 34 cents for the foreign manufacturer, they do not include the large selling expense incurred by foreign manufacturers when selling in this country. In fact, the figures should read the other way round, as it takes 8 to 10 weeks after an order is taken for foreign goods before they can be delivered; also the importer is obliged to carry enormous stocks, whereas the domestic manufacturer can fill an order in one to two weeks.

Also, the figures as regards wages are incorrect, as they put down excessive wages for themselves and put down the wages of the foreign labor at 34, 43, and 48 cents, etc., whereas the facts are that the domestic mills employ considerable female help, whereas the foreign mills do not employ female help at any price, and the male help receives at the lowest 90 cents per day.

Lest, however, the domestic manufacturers in some subsequent brief may, through more exaggerated statements, try to persuade you to keep up this present prohibitive duty, we trust you will call upon us to substantiate our figures, which we hold ourselves in readiness to do, and will show bills upon bills to prove every word and figure already given you.

We do not agree with the nine importers who signed Mr. Herman Staber's brief that papers with coated surface or surfaces, n. s. p. f., should go as low as 35 per cent; we want to see the domestic manufacturers compete. If this duty is 50 per cent it will be about right, but if higher than 50 per cent importers can not compete.

Neither do we agree with the Charles Beck Co. that paper coated with metal or its solutions should go as low as 20 per cent, but it should not be more than 30 per cent.

We want to see this Democratic administration a success and do not want to see too radical a change. We have tried in our figures to be absolutely fair and impartial to both foreign and domestic manufacturers. If too low a duty is assessed, the domestic manufacturers can not compete, and if too high a figure is named the foreign manufacturer can not compete. Give us a competitive duty and thus benefit the consumer.

PARAGRAPH 411—SURFACE-COATED PAPER.

In our brief we overlooked a paper listed under the surface-coated papers n. s. p. f., at 5 cents per pound, which in value is equal to about half of the importations in this class, namely, patented simplex and duplex paper for printing decalcomanias. Of this paper there was imported during the year ending June 30, 1912, about \$150,000 worth. This is the paper which is used largely by the Meyercord Co., and which is mentioned in the brief of the National Association of Employing Lithographers, they asking to have it put on the free list. It figures to-day at 5 cents per pound—about 44 per cent ad valorem. (See their brief on decalcomania transfer prints.)

For the purpose of accurate statistics we petition that this paper be taken out of the class of "paper with coated surface or surfaces n. s. p. f." and either put on the free list, or, if a duty is levied, that it be an advalorem duty and specially enumerated by itself.

We will be glad to be of any service to the committee in order to make a fair and just tariff bill that will not shut down or seriously injure domestic manufacturers, but one that will broaden and widen them and one that will put a stop to "protection run mad"; that will give us competitive instead of prohibitive duties; that will reduce the cost of living to everybody and will make this country more than ever democratic—equal rights to all and special privileges to none.

Yours, very truly,

CHARLES W. WILLIAMS & Co.
By CHARLES W. WILLIAMS.

TESTIMONY OF GEORGE H. TOMPKINS, REPRESENTING NATIONAL FEDERATION OF PAPER BOX MANUFACTURERS' ASSOCIATIONS.

The witness is duly sworn by the chairman.

Mr. TOMPKINS. I wish to file a corrected brief in the place of the one I filed with the clerk previous to this time.

Mr. DIXON. Hand it to the clerk.

Mr. TOMPKINS. I represent, as secretary, the National Federation of Paper Box Manufacturers, which comprises three territorial organizations of manufacturers, covering the Western, Central, and New England States. I shall endeavor to make my argument rather short. I do not believe it requires very much argument on our proposition. Another reason is, Mr. Charles W. Williams, in his statement made and brief filed this morning, has practically covered our case.

The present tariff law provides as follows:

SEC. 411. Papers with coated surface or surfaces, not specially provided for in this section, 5 cents per pound; if wholly or partly covered with metal or its solutions (except as hereinafter provided) or with gelatine or flock, or if embossed or printed, 5 cents per pound and 20 per centum ad valorem; * * *

We ask that the tariff act be amended by making a rate on surface coated paper not specially provided for of 50 per centum ad valorem; if wholly or partly covered with metal or its solutions or with gelatin or flock, or if embossed or printed 30 per centum ad valorem.

By amending section 411 to read as follows:

Papers with coated surface or surfaces not specially provided for in this section 50 per centum ad valorem; if wholly or partly covered with metal or its solutions or with gelatin or flock, or if embossed or printed, 30 per centum ad valorem; * * *

Our organization represents the paper box manufacturers of the United States who use these papers as raw materials.

We are not opposed to a duty that will equalize the cost of production between the foreign and domestic paper manufacturers, but

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do not feel that we should be compelled to pay prices based on a tariff in excess of the difference in cost of manufacture.

At the time of the consideration of the Payne Act by Congress we protested against any increase in the duty, and the Finance Committee of the Senate restored the Dingley rates in the bill. The bill as finally passed, however, increased the rates over those contained in the Dingley law by 100 per cent.

The fact that the Senate committee complied with our request at that time we feel is almost conclusive as to the reasonableness of our position.

At that time we predicted that if the duty was increased the prices on domestic friction papers which are not imported would be raised by the American manufacturers, and that prediction has come true, as not only were the prices on imported papers raised in consequence of the duty, but we are advised by our members that the American manufacturers have increased prices on domestic friction papers, in some cases as much as 25 cents per ream.

As to the cost of manufacture of these papers, the domestic manufacturers in their statement (see tariff hearing, 60th Cong., vol. 6, p. 6099) stated that the item of labor in Europe is 9 per cent of the cost.

Taking the figures the following table shows the result figured on 1 ream of paper:

Excess labor cost (domestic over foreign).	White flint paper, per ream, 39 cents.	Colored flint paper, per ream, 39 cents.	Embossed paper, per ream, 62 cents.	Papers—metal-coated paper, per ream, 40 cents.
Proposed duty.....	\$0.53	\$0.53	\$0.83	\$0.50
Duty of 1897.....	.84	.65	1.19	.90
Duty of 1907.....	1.35	1.00	2.10	1.28

To get the above table, we have taken the American flint papers at \$2.25 per ream, 21.8 per cent of which is 49 cents, and subtracted the European labor cost—namely, 9 per cent of their price, which equals 10 cents per ream, and the result is 39 cents excess per ream paid American labor on flint papers. On embossed papers we take an average cost of \$4 per ream, 21.8 per cent of which equals 87 cents per ream, the American labor cost. Subtracting the European labor cost—namely, 9 per cent on \$2.75—equaling 25 cents per ream excess paid American labor. On metal-coated paper, take the American cost at \$2.50 per ream, 21.8 per cent equals 55 cents labor cost. Subtracting (\$1.65 at 9 per cent) 15 cents European labor cost, we have 40 cents per ream excess labor cost per ream.

We are informed by the importers that the labor cost of the European mill on a ream of flint papers is 15 per cent instead of 9 per cent, and on embossed papers 10 per cent instead of 9 per cent, which would make the comparison even more favorable to our contention.

As to the revenue, we understand from the imports, it decreased over a million and a half pounds in 1912 from what they were in 1909.

We believe that if a reasonable duty is placed on these papers the imports will be materially increased and the revenue of the Govern-

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ment will be much more than it was even under the Dingley rates as the consumption is increasing steadily.

Our reasons for this request are:

First. The rates we propose amply protect the American manufacturers.

Second. The increase in the duty we believe has only resulted in an increased cost to the paper box manufacturers on both imported and American papers for the reason that in the shades or colors imported the American manufacturers have not been successful in producing as good papers and this only means that some paper is still imported at a higher cost to the box manufacturers, except that by increasing the prices of imported flint papers American manufacturers have been able to increase the price of friction papers and flint papers, which are not imported. In other words, we believe that the net result of the increase of tariff has been that the paper-box manufacturers have been obliged to pay an increased price for imported papers and a proportionate increased price for domestic papers.

Third. We believe the facts show the American manufacturers were making a fair profit on their investments under the old Dingley rates.

Fourth. We believe the duty should be reduced so that we might use the better quality of imported paper at a reasonable price, and so that the competition of importers would not permit the raising of prices unreasonably by the American manufacturers.

Fifth. We believe the fact that when the Payne bill was under consideration, the finance committee of the Senate in considering said bill agreed with us at that time, and the Senate committee amended the House bill by restoring the Dingley rates, is almost conclusive as to the reasonableness of our position. The higher rates were, however, again placed in the bill by the conference committee, at which time we had no opportunity to be heard on the question.

As to an estimate on the increase or decrease of imports which might result from this modification, would say that we are unable to give any accurate information, but believe that the imports will be increased and the revenue of the Government increased without material injury to the American manufacturers, and give justice to the paper box manufacturers.

Mr. LONGWORTH. Are you asking a decrease in the present rate of duty?

Mr. TOMPKINS. Yes, in the case of surface-coated paper.

Mr. LONGWORTH. Are you asking for a decrease in the duty on your finished product?

Mr. TOMPKINS. No, sir.

Mr. LONGWORTH. You want to leave that the same?

Mr. TOMPKINS. We have not considered that matter.

Mr. LONGWORTH. You have a protective duty now, have you not, of 5 cents per pound and 30 per cent ad valorem?

Mr. TOMPKINS. I represent the paper-box manufacturers, the people that are paying this extra duty.

Mr. LONGWORTH. The duty on paper boxes is 5 cents per pound and 30 per cent ad valorem. You are asking that the duty on the

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product you buy be reduced and that the duty on your finished product be left where it is?

Mr. TOMPKINS. We are not asking that the other be left where it is. We have not considered it.

Mr. LONGWORTH. You would not be perfectly willing to have it reduced?

Mr. TOMPKINS. We would be willing if it figured on the same basis; a duty that would protect us between the European labor cost and the American labor cost.

Mr. LONGWORTH. You are willing to take a decrease?

Mr. TOMPKINS. If it was fair—on the same basis that we are asking for a decrease.

Mr. LONGWORTH. Why did you not ask for it in your brief?

Mr. TOMPKINS. We have not considered the matter; and, as a matter of fact, the importation of paper boxes is practically prohibited by the great cost of transportation.

Mr. LONGWORTH. You would be willing to have the committee remove the duty on your finished product provided it would reduce the duty on your raw material?

Mr. TOMPKINS. We would be willing to have the committee consider it.

Mr. LONGWORTH. You do not want largely increased protection on your product?

Mr. TOMPKINS. No, sir; the importation of paper boxes is a question which, from a practical standpoint, is hardly worth very much consideration, for the reason that the bulk of paper boxes—these being stiff, set-up boxes and not folding boxes—in great measure prevents importation on account of freight rates.

Mr. LONGWORTH. Then you would be willing to have them placed on the free list?

Mr. TOMPKINS. Yes, sir; practically.

Mr. LONGWORTH. Will you state that before the committee?

Mr. ANSBERRY. He has just stated it.

Mr. LONGWORTH. No, he said "practically."

Mr. ANSBERRY. Oh, I did not hear that.

Mr. LONGWORTH. Are you willing to make the statement now before this committee that you want the duty taken off your finished product, the paper boxes?

Mr. TOMPKINS. Except in so far as an equalization of difference in labor cost here and abroad.

Mr. LONGWORTH. But you have come here asking that the duty on your raw material be reduced, and although stating that you are not very strong on the tariff on your own finished product you did not see fit to mention it in your brief. Now, I want to know whether you are willing to have free trade in your paper boxes. You can certainly answer that question yes or no, and that is all I want.

Mr. TOMPKINS. I am not prepared to answer that for our people as we have not given it any consideration. I am not a practical paper-box manufacturer; I am secretary of this federated organization, and am not in a position to answer on that point.

Mr. FORDNEY. You are not enough interested in your own product to give it any consideration, that is, to know whether you want the

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duty on paper boxes lowered, left where it is now, or raised, but you come asking for a lowering of the duty on your raw material, which is your neighbor's finished product?

Mr. TOMPKINS. There is not enough of a practical question in it to need much consideration. These paper boxes are hardly "shipable" from one part of this country to another. The freight rates prohibit anything of that kind almost. We have not given it consideration. I do not think it would make any difference.

Mr. FORDNEY. Your raw material is your neighbor's finished product, and you want a lower rate of duty on that?

Mr. TOMPKINS. Yes, sir.

Mr. FORDNEY. You have not thought of your own finished product enough to give it any consideration, or to come here and know what you do want on that score?

Mr. TOMPKINS. No, for the reason that we did not think the duty on paper boxes would make any difference one way or other. They would not be imported to any extent if the duty were taken off.

Mr. FORDNEY. If that is the situation why did you not in your brief say that you are willing to have your finished product put on the free list, if protection does not make any difference to you?

Mr. TOMPKINS. I believe I have answered the question to the best of my ability, and that is, that it is simply a matter which I do not think would be affected.

Mr. KITCHIN. Paper boxes are not imported into this country anyway, are they?

Mr. TOMPKINS. Not to any extent.

Mr. KITCHIN. Either on account of the freight rates or the tariff, one way or other, but you think it is due to freight rates because of their bulk?

Mr. TOMPKINS. I am positive of that, because we know you can hardly ship paper boxes from one city of this country to another where any distance is concerned; the freight rates are so heavy.

Mr. KITCHIN. You know one thing, that paper-box manufacturers have no competition here at home with imported paper boxes?

Mr. TOMPKINS. That is true, not to any extent.

Mr. FORDNEY. And another thing you know is that you have no reason to complain now because you have protection. That makes two things that you know, does it not? [A pause without response.] Is that not a fact?

Mr. TOMPKINS. I did not catch your question.

Mr. FORDNEY. I say there are two things you know. Mr. Kitchin asked if you did not know there was no competition at the present time from imported paper boxes. I add to that the fact that you have no reason now to complain because you have protection on your finished goods; but your complaint is on raw material, which is your neighbor's finished product? You are complaining because he has protection?

Mr. TOMPKINS. We are complaining of that because we know it is affected, and not undertaking to complain about the other matter because it is not affected.

Mr. LONGWORTH. If what you ask be done, your profits will be increased?

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Mr. TOMPKINS. Not necessarily.

Mr. LONGWORTH. What are you complaining for?

Mr. TOMPKINS. When the Payne Act was put into effect and the price of raw material increased——

Mr. LONGWORTH (interposing). You would not be asking for a decrease on your raw material if you did not think it would increase your profits, would you?

Mr. TOMPKINS. It will increase our profits to a certain extent, yes, and will help us to get back what the Payne Act took away. By that act the price of the raw material was increased, but the paper-box manufacturer was not able to increase his price to cover the difference represented by increased cost of paper. If this duty on raw material is now reduced the paper-box manufacturer will eventually get back what he lost.

Mr. LONGWORTH. Are you losing money now?

Mr. TOMPKINS. The paper-box makers, I believe, are not making any unreasonable profit, and some people are losing money while others are making some.

Mr. LONGWORTH. What is your concern making?

Mr. TOMPKINS. I am not in the paper-box business myself. I am secretary of this organization.

Mr. LONGWORTH. You speak with the authority of the organization?

Mr. TOMPKINS. Yes, sir.

Mr. LONGWORTH. Do you not know whether the business is profitable or not?

Mr. TOMPKINS. I know to a certain extent it is or they would not be in the business.

Mr. LONGWORTH. Exactly.

Mr. TOMPKINS. But there are no exorbitant profits.

Mr. LONGWORTH. You say you are not making an unreasonable profit, and you are trying to increase that profit?

Mr. TOMPKINS. I say there are no unreasonable profits being made by any of the paper-box manufacturers. They are manufactured on an ordinary margin.

Mr. LONGWORTH. Is it not true that this is an immensely profitable business, and that a great deal of money has been made by those engaged in the paper-box business?

Mr. TOMPKINS. No, sir; I do not think that is true. I would say as a rule that it would be the opposite.

Mr. FORDNEY. You say you have no foreign competition?

Mr. TOMPKINS. Practically none. There may be some few small——

Mr. PAYNE (interposing). The boxes are so bulky that it costs a great deal to transport them?

Mr. TOMPKINS. Yes, sir. There may be some small high-price boxes where the value of the article would be such as to justify paying the freight to get them over here. However, it does not cut any figure.

The CHAIRMAN. Your time is up.

Mr. TOMPKINS. I believe I have practically covered our point. I want to sum up by saying, as I stated before, we are willing to con-

PARAGRAPH 411—SURFACE-COATED PAPER.

sider a fair protection to the manufacturer, such as will equalize his cost. But we do not believe the tariff should be increased as it was in the Payne Act, to the extent that will enable the paper manufacturers to get unreasonable profits and increase their prices as they did, not only on the papers which come in the flint class but also on the friction papers, the cheap papers. The paper-box manufacturers have been, in some cases, obliged to substitute cheaper for the high price foreign papers on account of the increased price; their customers would not pay it.

Mr. FORDNEY. Do you know that the profits of the manufacturers, as you represent, are excessive? You say the profits of the manufacturers of your raw material are excessive on account of the Payne tariff law.

Mr. TOMPKINS. We know they must have been increased.

Mr. FORDNEY. Oh, no. You say you do not know anything about importations because your product has no competition. What do you know about the profits of the manufacturers of paper?

Mr. TOMPKINS. At the time the Payne Act was under consideration we took enough interest in the subject to investigate the financial standing of the American manufacturers of this paper, and it justified us in the conclusion that—

Mr. FORDNEY (interposing). Is it not true, when you state that manufacturers of paper have made excessive profits that it is a pure guess on your part, and that you do not know anything about what it costs to make it?

Mr. TOMPKINS. I think we know this, that we have a right to take their own statements given to the Senate Finance Committee. From the cost of labor and operation and other items we can see that their profits are unreasonable.

Mr. LONGWORTH. What are the dividends that these companies pay on their capital?

Mr. TOMPKINS. I could not answer that.

Mr. LONGWORTH. What rate of dividends does your company pay?

Mr. TOMPKINS. I could not answer.

Mr. LONGWORTH. What do you know about this if you do not know the labor cost or the rate of dividends paid by any of these corporations? You have come before this committee as an expert?

Mr. TOMPKINS. I am not a tariff expert.

Mr. LONGWORTH. I am asking you a plain question. You say your profits are reasonable and that the profits of the paper manufacturers are unreasonable?

Mr. TOMPKINS. That is a conclusion from their labor cost.

Mr. LONGWORTH. What dividends do you pay?

Mr. TOMPKINS. I do not know.

Mr. LONGWORTH. Do you know the dividend paid by any corporation you represent?

Mr. TOMPKINS. No, sir; I do not.

Mr. LONGWORTH. Do you know the dividend paid by any manufacturer about whom you are talking?

Mr. TOMPKINS. No, sir; not at present.

Mr. LONGWORTH. What do you know about the business?

PARAGRAPH 411—SURFACE-COATED PAPER.

Mr. TOMPKINS. I am taking their statements of their labor cost, the American manufacturers' statement, and I do not think it necessary to go back of them.

Mr. LONGWORTH. You have stated positively to this committee, on oath, that these paper manufacturers are making unreasonable profits. On what do you base that charge?

Mr. TOMPKINS. I said we did not believe they should be allowed to make unreasonable profits such as we believe they are making.

Mr. LONGWORTH. Are they?

Mr. TOMPKINS. I do not know whether they are, but believe they are.

Mr. LONGWORTH. Why do you say they are, on oath?

Mr. TOMPKINS. For the reason that their reports showed they had made good profits on their business, and the financial reports of Dun and Bradstreet and things of that kind, when this matter was up, and they got an increase in protection.

Mr. LONGWORTH. What dividends were they paying then?

Mr. TOMPKINS. I do not remember any reports of any dividends any of the companies paid, but from the different reports they had and from Dun and Bradstreet's reports.

Mr. LONGWORTH. Are you a stockholder in any paper-box manufactory?

Mr. TOMPKINS. No, sir.

Mr. LONGWORTH. Do you know anything about the manufacture of paper boxes?

Mr. TOMPKINS. Somewhat.

Mr. LONGWORTH. How did you get your experience?

Mr. TOMPKINS. From the association business, and acting as secretary of the companies in this line of work for a number of years.

Mr. LONGWORTH. Do you mean to say, on oath, that you do not know the dividend rate of any concern or corporation in the association of which you are secretary?

Mr. TOMPKINS. Yes, sir; I do not know.

Mr. LONGWORTH. Very well, that is all.

BRIEF OF MANUFACTURERS OF SURFACE-COATED PAPERS.

Schedule M, paragraph 411, act of 1909.

The manufacturers of surface-coated papers respectfully show that their products are affected by part of paragraph 411, customs tariff act of August 5, 1909, as follows:

"Papers with coated surface or surfaces, not specially provided for in this section, five cents per pound; if wholly or partly covered with metal or its solutions (except as hereinafter provided), or with gelatin or flock, or if embossed or printed, five cents per pound and twenty per centum ad valorem; papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process, four and one-half cents per pound; if embossed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, five cents per pound and twenty per centum ad valorem; *Provided*, That paper wholly or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on a basis of twenty by twenty-five inches, shall pay a duty of five cents per pound and twenty-five cents per centum ad valorem."

This class of paper is known and sold as surface-coated, glazed, plated, and fancy papers, and is principally used for covering paper boxes.

PARAGRAPH 411—SURFACE-COATED PAPER.

The industry in this country is very small, especially when compared with Germany and Belgium, where establishments larger than any in this country are located, which manufacture under the most favorable conditions as to cost of materials and labor.

This present paragraph 411 replaces paragraph 398 of the act of 1897. Owing to the many different grades of papers imported there had arisen, under former acts, much confusion as to proper classification, the determining of proper values and the elimination of undervaluation. The phraseology of paragraph 411 is far in advance of that of any previous corresponding paragraph on account of its definite, specific provisions as to the various grades and rates of duty applicable thereto.

On the hearings before the Committee on Ways and Means at the time of the last tariff revision we submitted a brief, and also a supplementary brief containing matter called for by the committee. These communications contained statements as to the nature and conditions of the industry; facts as to the average cost of surface-coated papers at home and abroad; schedules showing the different varieties of papers imported and also manufactured here, with samples; tables of comparative wages paid in Germany and the United States; classified pay rolls of domestic manufactures, and other matters.

We would respectfully refer to these briefs for such detailed information as may be required by your committee. (See Tariff Hearings, 60th Cong., pp. 1085 to 1098.)

The specific duties and rates asked for at the time of last revision were granted in part only, and we state as an indisputable fact that under the provisions of the present act the domestic manufacturers are barely able to compete with the foreign manufacturers on the general line of surface-coated papers imported, and on some lines we are through this foreign competition unable to compete at all. It is also a fact that, notwithstanding the general increased cost of production, domestic prices are lower to-day than they were prior to the act of 1909. Any lower rates would certainly cause serious injury to the business in this country.

We earnestly request and urge that the present provisions and rates of paragraph 411 be retained in the forthcoming tariff law.

Respectfully submitted.

January, 1913.

Committee: Doty & Scrimgeour (Inc.), New York, N. Y.; Louis Dejonge & Co. (Inc.), New York, N. Y., and Fitchburg, Mass.; Walther & Co., New York, N. Y.; United Manufacturing Co., New York, N. Y., and Springfield, Mass.; Kupfer Bros. C., New York, N. Y., Chicago, Ill., and Northbridge, Mass.; Springfield Glazed Paper Co., Springfield, Mass.; Holyoke Card & Paper Co., Springfield, Mass.; New England Card & Paper Co., Springfield, Mass.; Hampden Glazed Paper Co., Holyoke, Mass.; River-view Coated Paper Co., Kalamazoo, Mich.

ADDENDA.

The information contained in briefs submitted on the hearings before the Committee on Ways and Means of 1909, heretofore referred to, will be found in those briefs as follows:

1. Facts as to average cost of production in this country and Germany, our principal competitor:

Cost of manufacturing a ream of flinted paper.

	In the United States.	In Ger- many.
Paper.....	\$0.78	\$0.50
Color.....	.44	.25
Labor.....	.49	.10
Manufacturing and selling expense.....	.54	.34
Total.....	2.25	1.19

(See p. 1095, Tariff Hearings, 60th Cong., Nos. 1-12.)

PARAGRAPH 411—SURFACE-COATED PAPER.

2. Table of comparative wages paid in Germany and the United States in the surface-coated paper industry:

	Germany (per day).		United States (per day).
	Marks.	Cents.	
Color machine tenders.....	1. 80	43	\$1. 15
Flint or finishing machine tenders.....	1. 40	34	1. 50
Color room bosses.....	4. 00	96	2. 25
Average wages skilled male factory help.....	{ 2. 00	48	2. 00-2. 50
	{ 2. 50	60	

(See p. 1098, Tariff Hearings, 60th Cong., Nos. 1-12.)

NOTE.—This table shows over 250 per cent higher wages paid at that time in this country than in Germany.

SUPPLEMENTARY BRIEF SUBMITTED BY THE MANUFACTURERS OF SURFACE-COATED PAPERS. RELATING TO SCHEDULE M, PARAGRAPH 411. TARIFF ACT OF 1909.

[William H. Shuart, Springfield, Mass., Chairman of Committee of Manufacturers.]

We must, in consideration of the welfare of our employees and laborers, and in the proper protection of our capital and vested rights, offer in this brief refutations to the exaggerated and misleading statements as to facts, proposed drastic changes in phraseology and reductions of duties, asked for in the briefs presented and testimony offered, at the hearing before the Committee on Ways and Means, Schedule M, pulp paper and books, January 17, 1913, by Chas. W. Williams, testimony and brief, Herman Staber, Geo. H. Tompkins, and H. A. Crafts, as follows:

In the act of 1909, after years of our protesting on the question of undervaluation and misleading, indistinct classification, Congress provided an explicit, comprehensive, and scientific phraseology, determining positively surface-coated papers and their varieties and substitutes, and eliminating any chance of error in their proper classification, much to the disadvantage of some unscrupulous importers.

We have seen from the testimony offered that the common objection is made to specific or pound-rate duties, whereas it is a well-known fact that all materials used in the production of surface-coated papers are purchased by the pound or weight, and weight is therefore the accepted basis of the cost of production. Under these conditions, the specific duty is rational, easily and surely assessed, and collected, and eliminates any advantage that might be gained by undervaluations, or on consigned goods, wherein the foreign manufacturer profits unduly.

Attention was called to the variation of duty of from 75 to 127 per cent for obvious reasons. To gain this end and show 127 per cent, unfair selection is made of white flint glazed, on account of its excessive weight. Domestic white flint weighs 27 pounds, sells at \$1.90 to \$2 per ream.) This paper has never been imported in any quantity (unless for experimental or tariff purposes). It is a well-known fact to the trade here and abroad that the white clay coating is inexpensive (clay dutiable at \$2 per ton), and the raw paper stock produced here, is better adapted for white coating than the foreign, which has given the domestic producer the advantage on white surface-coated papers, while the foreign raw paper stock is better adapted to dark, rich colors. These colors used for coating are much cheaper abroad than here, and thus allow the importation of the fine, luxurious colored papers.

Stress is laid on lithographic transfer paper and positive testimony given to the effect that it is not made in this country, and a separate classification is asked for on this article. We have direct information from the largest consumers in New York City that they did not use the imported article, but produced their own satisfactorily at a very small expense. It is easily prepared and used only for transferring the engraving from the original stone to the printing stone. It is not used for printing, is imported only in limited quantities, and consequently can not show any appreciable effect on the average rate of duty on surface-coated papers n. s. p. f.

Question by Mr. Longworth: "What proportion of your product is imported?" (Answer by Mr. Williams): "In the year ending June 30, 1912, 2 per cent." This

PARAGRAPH 411—SURFACE-COATED PAPER.

answer is based on the statistics of Government Census of 1910. Surface coated papers manufactured in this country, 104,200 tons. Imported, 3,098 tons. (The chairman interposing). At what do you fix the consumption of that particular paper in this country?" Answer. "The consumption is about 110,000 tons, and the revenue that will be produced will be about \$1,500,000, whereas during the year ending June 30, 1912, the revenue was \$277,585."

The Treasury reports show year ending June 30, 1912: Surface-coated, embossed, printed, etc., at 5 cents per pound and 20 per cent ad valorem, \$246,765 (ad valorem rate, 41.77 per cent); surface-coated, embossed, o. n. s. p. f. at 5 cents per pound, \$305,354 (ad valorem rate, 56.72 per cent); total, \$552,119.

And to find a warrant to enable him to make the answer that only 2 per cent of his (Williams) product of surface-coated papers are imported, he uses the census report of 1910, page 2192; 104,200 tons produced here, which includes all classes of surface-coated papers, such as coated book and catalogue papers, which are not imported and which undoubtedly represent at least 90 per cent of the surface-coated papers made in this country, while 3,098 tons imported represent surface-coated papers for boxes, upon which class of paper inquiries were being answered.

Page 2195 (question by Mr. Hammond): "Thirty-nine per cent, is it not?" Mr. W.: "Well, 39 cents is the excess of labor cost," etc., "and we are asked to pay a duty of \$1.35 a ream to protect that 39 cents. It is useless to say to you, gentlemen, there is absolutely none imported."

By the witness's own testimony, he is an importer of these very goods. The Treasury records show they are imported.

Further, page 2197. (Question, Mr. Fordney:) "Would it make any difference to your profits?" Mr. W.: "No, sir," etc. But the paper-box manufacturers are buying their covering paper from abroad.

Further, the witness, although making use of and acknowledging our table of comparative costs here and abroad, and accepting the figures for labor, 39 cents, overlooks the other items of costs as per table below, showing total difference of \$1.10 per ream in cost of production.

	In the United States.	In Germany.
Paper.....	\$0.78	\$0.50
Color.....	.44	.25
Labor.....	.49	.10
Manufacturing and selling expenses.....	.54	.34
Total.....	2.25	1.15

You will note in proposal for amending paragraph 411, the duty of 50 per cent is asked for on common ordinary surface-coated papers, while on the real luxurious articles in surface-coated papers, such as embossed, printed, covered with metal, etc., only a duty of 30 per cent is asked. Imitation gold paper is mentioned for obvious effect, cost \$1.65 per ream, but no mention of leaf gold papers, imported largely, costing from \$10 to \$30 per ream, is made.

Embossed papers require the present combined specific and ad valorem rates, since, as compared with the plain surface-coated papers, the embossing is purely a question of additional labor; the effects are produced by machines and engraved rolls, costing abroad about one-half of the cost in this country, and the Treasury records show that embossed papers and other specially provided for surface-coated papers are imported in quantities.

The special reference to the alleged enormity of the clause, "Papers including wrapping papers with surface decorated or covered with a design, etc., 4½ cents a pound," shows conclusively that it had a most proper and desired effect in classifying distinctly papers that were imported under the Dingley tariff as wrapping paper, or papers not specially provided for, at a duty of 25 per cent ad valorem and used in most instances, as they are to-day, for fancy-box covering, fancy articles, and wrappers for other luxuries.

C. W. W.: "We appeared before the Finance Committee of the Senate and we proved to them that these statements made to them by the domestic manufacturers were grossly exaggerated, to say the least." To this we take strong exceptions.

PARAGRAPH 411—SURFACE-COATED PAPER.

Our statements are a matter of record and we can vouch for their absolute correctness, as shown by tables of comparative costs, labor, etc. The truth is, that when it was found our statements could not be controverted, it was endeavored to show by samples and testimony that friction-glazed papers made here were as good as flint made abroad, and were coming into general use, and therefore the extra protection on flinted papers was not needed. And through special work and efforts of our opponents the phraseology was made as weak and indistinct in the Senate paragraph as the corresponding paragraph of the Dingley tariff, which had caused much annoyance to customhouse officials and had resulted in conflicting court decisions, and under these conditions we can readily see why the conference committee accepted the phraseology of House tariff bill, paragraph 411.

Mr. Staber, states in part: "The next is in relation to papers with coated surfaces. Mr. Williams went thoroughly into that subject, and I agree with him in everything he said there, except that I think 50 per cent ad valorem is too high a duty." Our answers to this gentleman's testimony and claims are covered completely in our answers to Mr. Williams.

Coming to the testimony offered by George H. Tompkins and H. A. Crafts as representing the paper-box making industry, and confirming and upholding the testimony and claims of Mr. Williams, we can only deduce the value thereof from the questions asked by members of your honorable committee.

It is evident that only selfish interests were at stake, and none of their claims could be substantiated by acceptable, positive testimony, and it is rather a remarkable position for manufacturers of paper boxes to take who are not making necessities as a whole, but mostly luxuries used as containers to embellish and encourage the sale of articles, usually protected goods.

Frequent reference has been made in opposing testimony offered against us, both in 1908-9 and at the recent hearings, as to the ratings of the manufacturers of surface-coated papers in the commercial agency books, of such as the Dun and Bradstreet companies. We are willing to refer to these ratings and any detailed reports they may furnish, which we are positive will show conclusively that there is not a branch of business in this country where most of the manufacturers have conducted their business carefully and conservatively in periods of from 30 to 60 years, will show less profits and accumulated wealth.

From the testimony and briefs offered demanding changes in phraseology and reduction of duties, it is apparent that only selfish interests of a few are at stake, without regard to the general welfare of the workingman and the country at large.

Tables presented show reductions in importations of surface-coated papers, especially for the year 1912. This year has shown the least demand in many years for colored or fancy surface-coated papers. Manufacturers, to show new effects, are having their boxes covered with domestic and imported uncoated papers. This is a well-known fact in the trade. And if the changes and reductions in duties asked for are granted, those importers now asking would be the first to suffer the consequences, as we feel assured that as soon as the protection bar is let down the country will be flooded with direct agents of the foreign manufacturers, selling direct, with profit only to the foreign manufacturer. The whole business will be demoralized and the manufacturers of surface-coated papers in this country compelled to reduce their production at the cost and to the detriment of the home labor and production.

Respectfully submitted.

Doty & Scrimgeour (Inc.), New York, N. Y.; Louis Dejonge & Co. (Inc.), New York, N. Y., and Fitchburg, Mass.; Walther & Co., New York, N. Y.; United Manufacturing Co., New York, N. Y., and Springfield, Mass.; Kupfer Bros. Co., New York, N. Y., Chicago, Ill., and Northbridge, Mass.; Springfield Glazed Paper Co., Springfield, Mass.; Holyoke Card & Paper Co., Springfield, Mass.; New England Card & Paper Co., Springfield, Mass.; Hampden Glazed Paper & Card Co., Holyoke, Mass.; Riverview Coated Paper Co., Kalamazoo, Mich.,
Committee.

JANUARY, 1913.

PARAGRAPH 411—SURFACE-COATED PAPER.

BRIEF ON SURFACE-COATED PAPERS.

SCHEDULE M.

SAUGERTIES, N. Y., January 16, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.,
321 House of Representatives Office Building.

MY DEAR SIR: There are 72 coated-paper and coated-board manufacturers in the United States, with a normal output per day of 14,114 tons—actual output, 13,469 tons as against 8,000 tons in 1909.

1909, 100 per cent shipped of made.

1910, 99 per cent shipped of made.

1911, 99 per cent shipped of made.

1912, 98 per cent shipped of made.

Thus showing there is more coated papers and coated boards being produced than are sold.

The increase in manufacturing has been at about 20 per cent per year for past four years, which increase is greater than consumption. A number of new mills are being erected in this country, in fact, the tendency is to build mills faster than consumption can care for same.

The percentage of profits are ranging from 5 per cent to 8 per cent. The investment in buildings, machinery, and stock is large and constantly have to be improved. Probably not to exceed one-fourth of the profits can be taken from the business, and the balance allowed to remain in the business for upkeep and maintenance of plant.

The price of coated papers are approximately 20 per cent lower than they were in 1902. The price of practically every material entering in the production of coated papers are higher. Average advance in all materials, 10 per cent. Average advance in wages, 20 per cent.

Some improvements have been made in machinery during these years, but not sufficient to overcome this difference.

Germany is a large producer of coated paper and coated boards, and if the tariff were lowered on coated papers and coated boards below as is contained in paragraph 411, it would enable that country, with similar labor costing not to exceed 33½ per cent of what is paid by the manufacturers of this country, to place their goods here to the exclusion of ours.

The foregoing data is given by the writer after 25 years' actual experience in the management, manufacturing, and sale of coated papers and coated boards.

Therefore we request the Committee on Ways and Means to continue the tariff on articles covered by paragraph 411 as it is.

Yours, very truly,

THE MARTIN CANTINE Co.,
 Per MARTIN CANTINE, President.

PHILADELPHIA, January 15, 1913.

MR. OSCAR W. UNDERWOOD,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: In reference to Schedule M in the present Payne-Aldrich tariff law and section of the same relating to surface-coated papers and papers coated with metal or its solutions, also printed papers and papers with embossed or decorated surfaces, we desire to present the following facts:

The hardship of the excessive duties on the above-mentioned lines has left only a few importers still in a position to continue the importing business on these goods.

This condition is due to the fact that the duties assessed are prohibitive rather than protective.

We respectfully ask your consideration of putting surface-coated glazed papers with embossed surfaces, printed papers, and all similar classes of papers used by the paper-box-manufacturing industry on a reasonable and equitable basis,

PARAGRAPH 411—SURFACE-COATED PAPER.

which will legitimately protect our home industries and at the same time give the importer an opportunity for fair competition.

We suggest a straight ad valorem duty of 50 per cent on such lines above mentioned.

All metal-coated paper or papers coated with a metal solution, a straight ad valorem duty of 20 per cent.

The majority of these leaf-metal-coated papers which are brought into this country are used by the paper-box-manufacturing industry, and the peculiar process by which these papers are made is such that the paper can only be produced by a certain class of help trained in this line, which help is always centered in Germany, and therefore all of these papers are produced by the German manufacturers alone.

This line is not, therefore, competitive with American industries, nor will a fair duty cause unjust competition or will it work any hardship on any substitute paper of American origin. The goods stand in a class by themselves.

All of the lines of paper mentioned in the above paragraphs represent commodities which are not complete in themselves when they arrive in this country, but must either be printed on, pasted onto a box, or manipulated in some other way by American labor before any of the papers can be sold into the consuming market.

We submit the above data for your very careful consideration and thank you in advance for your attention to the same, and also will be pleased to hold ourselves open to your call if there is further data or information which we, as an importing house of many years' standing, may serve you with.

Yours, very truly,

CHARLES BECK COMPANY.
L. BECK.

SALEM, MASS., January 11, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman, Ways and Means Committee,
House of Representatives, Washington.

DEAR SIR: We wish to call attention to what seems to us a glaring inequality in the present tariff on paper goods.

We are mailing you a sample of a checkerboard which we import from London, and on which the appraisers have assessed the duty under paragraph 411, Schedule M, of 5 cents per pound and 30 per cent ad valorem, as surface-coated paper. This is equivalent to a duty of at least 160 per cent.

You will note that the article is made of strawboard covered with surface-coated paper, and we submit that it is a most unjust and extraordinary appraisal under the circumstances, particularly as paragraph 418 provides that all paper boxes covered with surface-coated paper are assessed at 45 per cent ad valorem.

As you know that boxes are made of identically the same material as the checkerboard in question (that is, with strawboard or newsboard base covered with surface-coated or other finishing paper), we do not believe that it was the intention of Congress that these checkerboards should be assessed at any higher rate at least, and we believe they should come in under paragraph 420, as manufactures of paper not specially provided for, at 35 per cent.

We take the liberty of calling your attention to this inequality, in hopes that in framing the new tariff the intent may be so expressed that we may be relieved of this extortionate impost.

Very truly, yours,

PARKER BROS. (INC.).
E. H. PARKER.

W. H. CRITCHLEY,
NEW YORK, January 3, 1913.

HON. O. W. UNDERWOOD,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

SIR: Understanding that it is your desire to frame a tariff schedule that will be fair and equitable to our home manufacturers and to provide a source of revenue for the Government, I respectfully submit to your attention the item "surface-coated paper," paragraph 411 of the present tariff law.

PARAGRAPH 411—WRAPPING PAPER.

The duty on this paper is now 5 cents per pound. The paper in question is used for the finer class of printing and can be sold at the mills here for less than 5 cents per pound. This high duty is, of course, prohibitive and prevents the Government getting any revenue and at the same time allows the manufacturer to impose on the consumer by compelling him to pay a higher price for this class of paper. The advance in price and restrictions in outputs has advanced the price about 25 per cent, for example, formerly the minimum basis of weight per ream was 60 pounds for a ream of 25 by 38. They have recently advanced the minimum to 70 pounds and added 25 cents per 100 pounds to the price. This paper is sold by the weight.

The paper known as "gummed paper," and now classified as "surface-coated paper," formerly paid duty of 25 per cent; under the new tariff it is 5 cents per pound, making the duty over 70 per cent, an increase of nearly 200 per cent, which has decreased the imports to comparatively nothing.

Respectfully,

W. H. CRITCHLEY.

WRAPPING PAPER.

BRIEF OF KERN COMMERCIAL CO., NEW YORK, N. Y.

KERN COMMERCIAL CO.,
New York, January 16, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: Paragraph 411, item, "Papers, including wrapping papers with surface decorated or covered with a design, fancy-effect pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process." Under the present tariff these take a duty of $4\frac{1}{2}$ cents per pound. This provision is of too general a character and puts on some classes of cheap wrapping paper a most excessive duty.

We respectfully suggest that wrapping papers, whether plain or decorated, should be permitted at the same duty, viz, 35 per cent, or else that decorated wrapping papers be admitted at a duty of 5 per cent additional to that assessed on the plain papers.

We are submitting samples. A, known as sealing paper, costing in Sweden \$2.80 per 100 pounds, under the present tariff carries a duty of 35 per cent ad valorem, viz, 98 cents per 100 pounds, whereas the same paper, sample B, decorated merely with ordinary lines, costing in Sweden the same price as the plain paper, viz, \$2.80 per 100 pounds, takes a duty of $4\frac{1}{2}$ cents per pound, which is over 160 per cent ad valorem. This paper is but an ordinary wrapping paper, such as is used by grocers, dry-goods merchants, and retailers of teas and similar goods. That a duty of 160 per cent is excessive and can not be necessary is proven by the fact that at the present time a similar paper, manufactured in the United States by a number of mills, is sold to the trade at $4\frac{1}{2}$ cents per pound, a price which is less than the duty assessed on the imported paper. If the domestic mills are able to produce such paper at a profit at $4\frac{1}{2}$ cents per pound it does not seem reasonable to assess on it a duty that is higher than the selling price in the American market.

Paragraph 411. Item: "Parchment papers, greaseproof papers, and imitation parchment papers, which have been supercalendered and rendered transparent, or partially so, by whatever name known." The present specific duty on cheap grades of imitation parchment or imitation greaseproof papers, which are the papers of this class most largely used for various wrapping purposes, such as on biscuits, meats, and other foodstuffs, is equivalent to 81 per cent. We attach sample marked "C," costing in Sweden \$2.82 per 100 pounds, duty 2 cents per pound plus 10 per cent ad valorem—\$2.28, equals 81 per cent.

A proof that this duty is exorbitant is that the selling price of the product of the American mills at the present time is in the neighborhood of $4\frac{1}{2}$ cents per pound.

Item: "Glassine or parchmyn papers." These come under the heading of papers which have been supercalendered and rendered transparent, or partially so. Sample marked "D," costs abroad \$3.81 per 100 pounds, duty 2 cents per pound plus 10 per cent ad valorem—\$2.38, equals 62.4 per cent. Sample "E"

PARAGRAPH 411—WRAPPING PAPER.

costs abroad \$4.10 per 100 pounds, duty 2 cents per pound plus 10 per cent—\$2.41, equals approximately 59 per cent ad valorem.

Before the tariff of 1909 went into effect several mills in the United States were making these papers under a tariff of 25 per cent ad valorem and were making headway. If they were not making a good profit at that time it was due to the fact that the manufacturing of these papers in this country was in its infancy, and the higher costs were due to the inexperience of the paper makers. The importation of the foreign papers of this class has rapidly decreased, owing to their inability to compete with the American papers under a protection ranging from 60 to 80 per cent. There is no doubt that the American mills are making a very large profit at the present prices, and if brought into fairer competition with the foreign papers they would sell their products to the consumer at a much lower price and still be making a good profit.

We respectfully suggest a separate classification for imitation grease-proof papers, parchmyr papers, and papers that have been supercalendered and rendered transparent, or partially so, separating them from parchment papers; and we further suggest a duty of 25 per cent ad valorem as being sufficient for this class of paper.

Conceding that the cost of labor in this country may be higher than it is in Germany or other foreign countries, on the other hand the average daily production of the American laborer in the paper mills is greater. The cost of coal, resin, and many other raw materials which enter into paper production is lower in the United States than it is abroad. The American mills use machinery in the obtaining of results more than is general on the other side, and in that way lowering manufacturing costs. The above-stated advantages to a great extent counterbalance the differences in the labor costs.

It has often been claimed before congressional committees that these papers (imitation grease-proof) come in competition with what is known as vegetable parchment paper, but this is not actually a fact, as the genuine vegetable parchment is now only used where it is necessary to have a paper which is waterproof as well as grease-proof for such purposes as packing butter and other products which contain a large percentage of moisture, which would disintegrate the ordinary glassine paper and imitation parchment or grease-proof paper. The glassine paper is now widely used for purposes for which vegetable parchment is not adapted, such as wrapping candies and as an outside wrapping of candy boxes, cigar boxes, medicine bottles, and making inclosure envelopes, etc.

Paragraph 413. Item: "Onionskin and imitation onionskin paper, calendered or uncalendered." We would respectfully suggest a lower duty on onionskin and imitation onionskin papers. The present duties on these papers are out of proportion to the difference in cost, manufacturing, and competitive conditions in Europe and the United States. In the hearing before the Ways and Means Committee in November, 1908, the American manufacturers based their plea for a higher duty on imitation onionskin on the fact that the European papers were coming in competition with the American onionskin paper made of rags. The claim was then made that the cheapest paper made here cost from 13 to 35 cents per pound. Since that time these same paper manufacturers have been making a cheap cellulose paper, similar to the imported, which they are selling to the American market at 7½ to 8 cents per pound, and some cheaper qualities as low as 5½ to 6 cents for the heavier weights. This class of paper is now most widely used for typewriting manifold purposes, and the consumption of it has greatly increased in connection with the vertical filing system, now used in the majority of offices. We attach samples F, G, and H.

Sample F costs abroad 5.55 cents per pound; duty 3 cents per pound plus 15 per cent—3.93 cents=70+ per cent ad valorem.

G and H cost abroad 4.70 cents per pound; duty 3 cents plus 15 per cent—3.70 cents=78.7+ per cent.

We would respectfully suggest that manifold paper, manufactured of cellulose, be classified separately from genuine onionskin paper, and it is our opinion that a duty of 35 per cent ad valorem would be sufficient protection for the American manufacturers.

If such a thing were possible, it would be a great advantage both to the trade and the Government if the general terms of onionskin paper and imitation onionskin paper would be eliminated from the tariff and a more definite term employed, more definitely descriptive of the paper. The question of what is and what is not an onionskin paper has been a subject of much contention between

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the Government and the importers. This definition might be reached through obtaining suggestions from both the importers and American manufacturers of these papers.

We would also respectfully suggest that an ad valorem duty wherever possible on papers is preferable, as a specific duty has usually proven to be excessive on the cheaper grades of paper and to the advantage of the higher qualities. Or else if a specific duty be employed, it be provided that it do not exceed a certain percentage of the cost of the paper, or else be on a scale in accordance with the cost price of the paper.

It is our opinion that a good, healthy competition with the European makers of writing and wrapping papers will be of benefit to the paper mills in the United States, in that if they do not generally have so high a rate of protection, giving them so large a margin of profit, they will be compelled to raise the character of their products, nearer to the grades manufactured abroad, and also eliminate a great deal of the great and unnecessary waste of raw material, which is so prevalent in the American paper mills.

Respectfully submitted.

KERN COMMERCIAL CO.
M. GREENEBAUM, *Treasurer.*

BRIEF OF THE FOX PAPER CO., LOCKLAND, OHIO.

LOCKLAND, OHIO, *February 7, 1913.*

HON. ALFRED G. ALLEN,
House of Representatives, Washington, D. C.

DEAR SIR: I beg to acknowledge receipt of your letter of February 3 with reference to duty on sulphate or Kraft paper and pulp. While I can officially speak only for four paper mills in the Miami Valley (three of which I understand to be in your district) and for one pulp plant, not as yet constructed I feel that my figures cover the general conditions relative to Kraft and other high-grade wrapping papers. Kraft wrapping paper is an entirely different proposition from news print, and I ask that in your consideration you keep this point always in view. I respectfully call your attention to the fact that Cincinnati is one of the largest paper jobbing centers, per capita, in the United States, and that the Miami Valley furnishes a nice percentage of the business handled by Cincinnati jobbers. I feel that the present tariff on sulphate or Kraft paper and pulp, if not raised, should be left exactly where it is; my reasons against any reduction whatsoever are as follows:

(1) The sulphate or Kraft process is a comparatively new one in this country and is deserving of considerable encouragement.

(2) The materials used in the process of manufacturing this pulp and paper are subject to a heavy duty, thus greatly increasing the cost of the finished product: Duty on alum, approximately 33 per cent; duty on wires, approximately 45 per cent; duty on felts, etc., approximately 44 cents per pound and 55 per cent; duty on chemical (sulphate) pulp, approximately 8 per cent; duty on Kraft paper, 20 to 25 per cent. Average of all other dutiable products, approximately 40 per cent. It is obvious that the duty on these articles, which go largely to make up the finished product, is very much greater than on either the semifinished product, pulp, or the fully finished product, paper.

(3) Labor conditions in Norway and Sweden, as compared with our own, are approximately as follows:

	Norway (per hour).	United States (per hour).
Unskilled.....	Cents. 10	Cents. 18 to 21
Skilled.....	16½	27 to 35

(4) Many of the Norwegian and German mills are located on or near tidewater and enjoy extremely low all-water freight rates to our large coast cities and a very advantageous rail and water rate to many of our inland cities. Under the present tariff it is possible for the finished Kraft to be sold, not only in our eastern cities but on the

PARAGRAPH 411—WRAPPING PAPER.

Pacific coast, in competition with domestic manufacturers and in many cases to their exclusion. The foreign chemical pulp, and in particular Kraft pulp, has practically excluded the domestic pulp from competition. As against 1,000 cars of Norwegian pulp brought to Lockland, Ohio, within the last two and one-half years, there have been used less than five cars of domestic pulp, or approximately less than one-half of 1 per cent of the total requirements. It is a significant fact that the foreign mills have, despite the duty, increased their tonnage into the United States from 162,000 tons in 1909 to 277,000 tons in 1912, while the United States pulp industry has remained practically at a standstill.

(5) The greatest competition is probably at present from Norway and Sweden, although other countries are rapidly forcing their way into the American pulp and paper markets.

The importation of chemical unbleached pulp (Kraft is included under this head) has increased as follows:

	1909	1910	1911	1912
Austria-Hungary.....	4,674	7,258	10,415	6,435
Germany.....	52,304	58,325	50,351	62,753
Russia.....	6,609	6,967	3,375	2,125
Norway.....	15,533	30,730	29,776	42,588
Sweden.....	45,670	57,798	84,378	107,884
Finland.....		2,790	3,786	4,147
Roumania.....				1,280
Denmark.....	122	1	34	1,022
Canada.....	36,567	35,903	29,372	47,052
Other countries.....	1,278	2,309	1,421	1,915
Total.....	162,757	202,081	212,908	277,201

It has been argued by pulp importers or middle men who deal in the pulp manufactured by Scandinavian, German, and other mills (1) that American mills are not operated economically; (2) that they can not supply sufficient pulp for domestic uses; (3) that suitable woodlands can not be obtained in the United States.

I believe the first argument to be absolutely incorrect and feel that the pulp mills in the United States not only do operate economically, but are obliged to do so in order to keep from going into bankruptcy. Our machinery and methods are undoubtedly superior to those of Europe. The answer to the second argument is obvious. The industry is growing. In some branches it is very young, there being scarcely a sulphate pulp mill over two or three years old in this country. Why smother the industry without giving it a chance to compete? With reference to the question of obtaining suitable woodlands in the United States, I respectfully refer you to the Chief Forester, Mr. Henry Graves, with whom I have consulted relative to the cultivation of pulp wood. This industry has already been started in the United States and should be carried on to as great if not greater advantage than abroad. The most interesting phase of this pulp-wood situation is the fact that several American mills, owing to the stress of competition, have been forced to resort to the utilization of the by-product of the sawmill, and there are now in the United States several pulp plants using mill waste to a large extent, and three, at least, using nothing but mill waste. Mill refuse has been used for some time by many of the pulp mills abroad, particularly by those located in Finland.

I trust that the above will give you at least an idea of the treatment accorded the chemical pulp and paper industry of this country, and I again call your attention to the fact that the general average on other dutiable products is approximately 40, as against 8 per cent on chemical pulp and 20 to 25 per cent on paper made therefrom. I believe, therefore, after looking into this matter, you will agree with me that if the tariff on other products is reduced to that on pulp and paper and the schedule on pulp and paper remains as present, we will hardly have even a tariff "for revenue only."

Respectfully,

H. W. NICHOLS,
Vice President and General Manager.

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PARCHMENT PAPER.

TESTIMONY OF B. A. VAN WINKLE.

The witness was duly sworn by the chairman.

Mr. VAN WINKLE. Mr. Chairman and gentlemen of the committee, I appear here in behalf of the Hartford City Paper Co., of Hartford City, Ind., manufacturers of imitation parchment and grease-proof papers. Our particular paper comes under paragraph No. 411 of the act of August 5, 1909, Schedule M, and I desire, Mr. Chairman, to file these briefs with the committee and to call especial attention to the points raised and discussed in this brief. The first point we raise in this brief is that these papers are luxuries. The second point is that they are used only in the wrapping of the highest-priced products and luxuries. The third point is that the present rate insures competition and produces the maximum amount of revenue; that for every 4 tons produced in this country, 1 is imported. Fourth, that since the beginning of the manufacture of this product in the United States the price has been gradually reduced below what it was before its manufacture began in this country. Fifth, the cost of this paper in connection with the finished product, which it is used to wrap, is infinitesimal; as an example, in a 5-cent cake of Hershey's chocolate it is but twenty-two one-thousandths of a cent. Sixth, reciprocity in this commodity is impossible on account of the prohibitive tariff rates of other countries where it is produced.

These points are fully discussed in the brief which I have filed, but I wish to reply to some statements made by Witness Staber, in regard to the operations of the Hartford City Paper Co. I am unable to account for the source of Mr. Staber's information, but I beg to state to the committee that the information he has is entirely incorrect.

Mr. DIXON. Do you refer to his statement that you have a monopoly of the West?

Mr. VAN WINKLE. Yes; and the statement as to what we have done, the results of our operations for the first four years. And, by the way, we were the pioneers in the manufacture of this paper in this country, but our operations the first four years resulted in a net loss each year, the exact amount of which was as follows: In 1905 our loss, in round numbers, was \$42,000; in 1906, \$44,000; in 1907, \$16,000; and in 1908, \$15,000. Now, I wish to say to the committee that a part of the loss of 1905 and 1906 was due to the fact that we were not able to get business and were not able to make as good a sheet of paper as the foreign markets were offering, therefore we could not get a sufficient amount of business to operate the mill at the full time; but for the latter years, 1907 and 1908, we did operate full time and made the maximum amount of product which could be made in that mill. Coming down to 1909, after the Payne-Aldrich bill was passed in August, we made an earning of \$10,474 that year. In 1910 we rebuilt the mill, doubled its capacity; got the double capacity in operation in October, and that year we made \$23,399, but we had increased our investment up to \$600,000 by the installation of equipment and betterments, and I beg to make the

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statement to this committee that we have the best equipped mill in the world now to make this class of paper.

Mr. DIXON. What was your original capital?

Mr. VAN WINKLE. \$300,000.

Mr. DIXON. You increased that to \$600,000, did you?

Mr. VAN WINKLE. We increased that to \$600,000, put in additional machines, and brought the equipment up to date.

Mr. KITCHIN. Did you take the surplus and increase this to \$600,000, or did you get in new capital?

Mr. VAN WINKLE. No; we put in \$130,000 in cash and gave our notes, personally indorsed by the members of the company, for the remaining portion of the \$300,000.

Mr. LONGWORTH. Practically all cash?

Mr. VAN WINKLE. Cash and our personally indorsed notes.

Mr. DIXON. In other words, you made a failure for the first two years, and had to indorse your notes?

Mr. VAN WINKLE. Certainly; no one wanted to take notes of a company under such conditions.

Mr. DIXON. Have you applied the profits since that time to pay off those notes?

Mr. VAN WINKLE. Yes, sir.

Mr. DIXON. Have you ever declared any dividends?

Mr. VAN WINKLE. No, sir.

Mr. KITCHIN. What did you make last year?

Mr. VAN WINKLE. I do not know exactly, last year, because the account has not been made up, but in 1911 we made \$52,000.

Mr. KITCHIN. How much did the Payne-Aldrich tariff increase over the Dingley Act?

Mr. VAN WINKLE. I do not know exactly what that would figure out. It would vary as applied to the different values of paper that were imported under the act, but I should say that it about doubled the amount of the tariff that was assessed on the average paper before.

Mr. KITCHIN. About what is the tariff on this now?

Mr. VAN WINKLE. Ad valorem?

Mr. KITCHIN. Yes.

Mr. VAN WINKLE. About 49 per cent on one grade and 45 per cent on the other.

Mr. DIXON. How do the importations compare with the total amount sold?

Mr. VAN WINKLE. In 1912, last year, the importations amounted to 5,600,000 pounds, and the domestic production amounted to approximately 19,000,000 pounds.

Mr. FORDNEY. What is the price of that class of paper to-day compared with the price you obtained for it prior to the adoption of the Payne-Aldrich law, which gave you the increase in business?

Mr. VAN WINKLE. The price that we get now as compared with the price we got immediately before the enactment of the Payne-Aldrich bill is about \$10 a ton more, but as compared with the price the paper was being sold for when we first began manufacturing it, it is from \$40 to \$80 a ton less now. In other words, when the importers had not any opposition in this country, when there was no paper being manufactured here, they got a long price for it.

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Mr. FORDNEY. What does the increased production in this country amount to in that class of paper since the adoption of the present tariff law?

Mr. VAN WINKLE. There have been five mills, which would make about 10,000,000 pounds per year.

Mr. FORDNEY. Increase?

Mr. VAN WINKLE. Increase, yes, sir; since the passing of the law, and then we doubled our own plant, which would add another, probably, 3,000,000 pounds.

Mr. FORDNEY. I remember your being here before the committee in 1908, and it is my recollection you stated then that your sales of that class of paper in the city of Chicago amounted to \$30,000 the year before; was that right?

Mr. VAN WINKLE. Yes.

Mr. FORDNEY. What was it last year?

Mr. VAN WINKLE. \$247,000.

Mr. KITCHIN. How much is your annual output?

Mr. VAN WINKLE. In value?

Mr. KITCHIN. Yes.

Mr. VAN WINKLE. \$652,000 last year.

Mr. DIXON. What is that paper used for?

Mr. VAN WINKLE. It is used for wrapping, to some extent, choice cuts of bacon and smoked hams; it is used for lining candy boxes; it is used for wrapping fine cigar boxes; it is used in the "Outlook" envelopes, these envelopes you see that have the window in; it is used for wrapping perfumes, patent medicines, fine book bindings, and chocolates and fine soaps. Those are the principal uses for the paper.

Mr. DIXON. How many plants are there in this country altogether?

Mr. VAN WINKLE. Six altogether.

Mr. DIXON. Do you think that all the articles embraced under paragraph 411 should carry this rate of duty which you propose for those articles you use?

Mr. VAN WINKLE. I am only speaking for the particular items which we manufacture. There are many items under paragraph 411 which I do not know anything about. We are only particularly interested in the manufacture of imitation parchments and grease-proof paper.

Mr. KITCHIN. Do you think if we keep this tariff as high as it is now, that it will not be many years before you can see all those \$300,000 notes paid?

Mr. VAN WINKLE. I do not catch that.

Mr. KITCHIN. I say, if the tariff remains as it is, it will not be many years before you can pay that \$300,000 for which you issued notes as part of your capital stock, will it?

Mr. VAN WINKLE. At the rate of earning we had last year, it will be about six years before we could do that.

Mr. FORDNEY. If I caught your figures correctly, your profits in 1911 were \$52,000, were they?

Mr. VAN WINKLE. Yes, sir.

Mr. FORDNEY. On an investment of \$600,000?

Mr. VAN WINKLE. Yes.

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Mr. FORDNEY. About 8 per cent?

Mr. VAN WINKLE. Yes.

Mr. DIXON. How many of your directors are drawing salary?

Mr. VAN WINKLE. None; not a director.

Mr. DIXON. Just the office force?

Mr. VAN WINKLE. The active officers in the company. I am the general manager and treasurer of the company. I get a salary, and I am the only stockholder in the company that does get a salary.

Mr. DIXON. Have you any objection to stating the size of your salary?

Mr. VAN WINKLE. No. It is \$3,600 a year.

Mr. HULL. What is the tariff on the raw material?

Mr. VAN WINKLE. I think the tariff on the sulphite pulp is one-sixth of a cent a pound. It is about \$3.50 a ton, I think.

Mr. FORDNEY. Have you anything to say about changing the tariff on the raw material?

Mr. VAN WINKLE. I do not think that would be a good thing to do.

Mr. FORDNEY. If Congress will let your product alone, with a fair rate of tariff, you are willing to let them reduce the tariff on the raw material, are you not?

Mr. VAN WINKLE. I think the tariff on the pulp should be let alone. That is the result of the investigations they held concerning that. I am not a pulp maker; I do not know their cost, but I do know, as a general proposition, that those fellows have not made very much money.

Mr. HULL. Do you think you are getting a fair price?

Mr. VAN WINKLE. Yes.

Mr. FORDNEY. We all have a good deal of faith in a Hoosier.

Mr. VAN WINKLE. We buy some pulp from Canada and even now under the reciprocity bill, they charge us just as much for it as the domestic manufacturers do. We buy from the Riordan Pulp & Paper Co. in Montreal and they have their mills in Tewksberry, over there. Their prices are just the same as the domestic manufacturers.

Mr. FORDNEY. In other words, if the tariff is left what it is, both on the raw material and on your finished products, you would feel that domestic competition will drive out foreign competition in a short time without increasing the cost of the paper to the consumer in the country, do you?

Mr. VAN WINKLE. I do not think it will ever entirely drive out the imported article in our line, because there are a few people still who are of the opinion that the foreign material is better than ours. We do not think so at all, but they do, and there is a certain amount of imported paper in this line that will be used under any condition, and I do not think it will increase it at all if you were to lower the tariff.

Mr. FORDNEY. But under present conditions you are capturing more and more of the American trade, are you?

Mr. VAN WINKLE. Yes, and under the stimulus of home production, and the fact that the paper can be had in reasonable time, it has resulted in the use of the paper having grown. We have originated a good many uses for it ourselves by missionary work among manufacturers who ought to use the paper to help out the looks of their product.

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Mr. FORDNEY. The increase in duty you got in the Payne tariff law then has not increased the cost of this article to the consumer, has it?

Mr. VAN WINKLE. Oh, no; not at all.

Mr. HULL. Do you say there were no additional mills put in operation until you got this increase under the Payne law?

Mr. VAN WINKLE. That is true.

The CHAIRMAN. In answering Mr. Fordney's question I think you testified a while ago you were selling your paper for a little higher price than before the Payne law went into operation, did you not?

Mr. VAN WINKLE. Yes, immediately before. We raised our price on our paper \$10 a ton after the Payne law went into effect.

The CHAIRMAN. You have a separate specification in this part of the tariff, have you?

Mr. VAN WINKLE. Yes, sir, we have.

BRIEF ON BEHALF OF HARTFORD CITY PAPER CO., HARTFORD CITY, IND., SCHEDULE M, PULP, PAPERS AND BOOKS, PARAGRAPH 411 OF ACT OF AUGUST 5, 1909.

This statement or brief is submitted on behalf of Hartford City Paper Co., organized under the laws of the State of Indiana, and doing business in Hartford City, Ind., and involves the manufacture of imitation parchment and grease-proof paper, under Schedule M, pulp, papers and books, and more particularly paragraph 411 of act of August 5, 1909, as follows, the portion italicized being particularly under discussion.

PARAGRAPH 411.

Surface-coated papers, wholly or partly covered with metal or its solutions, or with gelatin or flock, or if embossed or printed, 5 cents per pound and 20 per cent.

Wholly or partly covered with metal or its solutions and weighing less than 15 pounds per ream of 480 sheets on basis of 20 by 25 inches, 5 cents per pound and 25 per cent.

Other N. S. P. F., 5 cents per pound.

Papers, including wrapping paper, with the surface decorated or covered with design, fancy effect, pattern, or character, whether produced in the pulp or otherwise, but not by lithographic process:

If embossed, or wholly or partly covered with metal or its solutions, or with gelatin flock, 5 cents per pound and 20 per cent.

All others, $4\frac{1}{2}$ cents per pound.

Parchment papers, 2 cents per pound and 10 per cent.

Greaseproof and imitation parchment, by whatever name known.

Supercalendered and rendered transparent or partially so, 2 cents per pound and 10 per cent ad valorem.

All others, 2 cents per pound and 10 per cent.

Bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, n. s. p. f., 5 cents per pound and 30 per cent.

Boxes of paper or wood, covered with any of the foregoing paper, 5 cents per pound and 30 per cent.

Photographic paper.—Plain basic, for albumizing, sensitizing, or baryta coating for photographic or solar printing processes, 3 cents per pound and 10 per cent. Albuminized or sensitized or otherwise coated, 30 per cent.

SYNOPSIS.

This brief is intended to support the following facts, concerning the manufacture of imitation parchment and grease proof papers supercalendered or otherwise:

1. These papers are luxuries.
2. They are used only in the wrapping of highest priced products and luxuries.
3. The present rate insures competition and produces the maximum amount of revenue (for every 4 tons produced in this country 1 ton is imported).
4. Since the beginning of the manufacture of this product in the United States the price has been gradually reduced below what it was before its manufacture began in this country.

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5. The cost of this paper, in connection with the finished product which it is used to wrap, is infinitesimal; as an example, in a 5-cent cake of Hershey's chocolate it is but twenty-two one-thousandths of a cent.

6. Reciprocity in this commodity is impossible on account of the prohibitive tariff rates of other countries where it is produced.

It is especially urged that the rates of duty which are now assessed against the particular kinds of paper manufactured by this company, and which are indicated by the italicized portion of the paragraph preceding the above matter, the same being imitation parchment and grease-proof papers, be not changed. We especially call attention to the following facts, which we urge as reasons why the present rate of duty should be allowed to remain on these papers.

1. These papers are used largely, in fact almost entirely, because of their artistic beauty, and they may be properly classed as luxuries.

2. The consumption of this paper is comparatively small, and must remain so for the reason that it is not a suitable paper to be used for general wrapping purposes. It is principally used in wrapping high-priced products or luxuries, such as fancy brands of bacon, hams, candies, chocolates, cigars and tobacco, fancy soaps, patent medicines, perfumes, etc., and it is quite extensively used for making fancy coffee bags and tea bags, and for wrapping fancy brands of dried fruits and raisins.

3. The amount of this paper manufactured in the United States is approximately 19,000,000 pounds per year, and the total amount of it consumed is approximately 24,600,000 pounds, showing that 5,600,000 pounds of it was imported during the fiscal year 1912. This shows the importations to be 1 ton imported for every 4 tons manufactured in the United States, and shows conclusively that the present rate is not prohibitive and that competition with foreign manufactures is not at all obliterated. On the contrary, it is clearly shown that while a reduction of the rate of duty on this product might to some extent increase the already heavy importations, it would not be sufficient to make up for the loss of revenue caused by a reduction of this rate.

In support of this statement we call attention to the following copy of a statement from the Department of Commerce and Labor of the amount of this paper imported during the fiscal year 1912:

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, D. C., January 4, 1913.

HARTFORD CITY PAPER Co.,
Hartford City, Ind.

GENTLEMEN: In compliance with your letter of January 1 requesting imports for consumption into the United States of imitation parchment and grease-proof papers for the fiscal year 1912, I take pleasure in furnishing the following statistics:

	Pounds.	Values.	Duties.
Supercalendered and rendered transparent or partially so—			
Rate of duty, 2 cents per pound, 10 per cent.....	4,170,256	\$213,266.00	\$104,731.70
Duty remitted (sec. 23).....	1,227	72.00	.....
All others.....	1,424,227	81,541.00	36,638.64

Respectfully,

A. H. BALDWIN,
Chief of Bureau.

4. As a further reason why this rate should not be reduced, we urge the fact that the manufacture of this paper in the United States has only been attempted since 1905 and that it has only been manufactured to any considerable extent since 1909.

This company was the first to attempt to manufacture this paper in this country. We began its manufacture in 1905, believing from our knowledge of the prices at which the paper was then sold that it could be profitably manufactured in this country at the then existing tariff rate, but—as soon as we demonstrated that we could successfully manufacture it, the foreign mills lowered their price to the extent of \$10 per ton, and the importers were willing to sell it at very much less profit than they had before been obtaining, so that altogether they were able to sell the paper at prices which afforded us no profit, and it was evident that they were attempting to crush out the industry in the United States, notwithstanding the fact that we had invested a large amount of money in importing the necessary machinery to properly equip

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our mill to make this grade of paper. These facts were brought to the attention of the Ways and Means Committee of the Sixty-first Congress, and after duly considering all the facts set forth in our briefs at that time, and after hearing testimony from the importers, the present rate was agreed upon and became effective on the 5th day of August, 1909. Since that time, five other mills have been equipped for making this paper and are producing it in considerable quantities, so that the consumer now has the benefit not only of foreign competition, but of domestic competition, and is able to buy this paper at a less price than he paid for it before it was manufactured in the United States, for the reason that the importer can not now exact extortionate profits from the consumer on account of the domestic competition.

5. We urge as a further reason why this rate should not be reduced the fact that the cost of this paper necessary to make a 1-pound bag for coffee, selling at 50 cents to 75 cents per pound, is but sixty-nine one-thousandths of 1 cent, and the cost of this paper necessary to line a 1-pound candy box which contains candy selling at from 80 cents to \$1 a pound, including the printing, is but one hundred and twenty-two one-thousandths of a cent. The cost of this paper necessary to wrap a 5-cent cake of Hershey's chocolate is but twenty-two one-thousandths of a cent. The cost of enough of this paper to wrap 1 pound of raisins is but three one-hundredths of a cent. The cost of enough of this paper to wrap an ordinary cigar box containing 50 cigars is but twelve one-hundredths of a cent. The cost of sufficient grease-proof paper to wrap a 14-pound ham is but sixty-four one-hundredths of 1 cent, so it is quite apparent that if the entire cost of this paper were eliminated it would not affect the price of these commodities at all to the ultimate consumer, much less would a reduction of the tariff upon it have any effect.

6. We can not hope for a reciprocity of trade in this commodity for the reason that the European countries which manufacture it have imposed such a high rate of duty upon it as to absolutely prohibit its importation into their countries; therefore the only opportunity for disposing of the domestic product is the United States' market.

7. This paper is required in very thin sheets, so thin in fact that in many instances 500 sheets 24 inches wide by 36 inches long, weight but 12½ pounds, and in no instance is this paper required in heavier basis weight than 50 pounds to 500 sheets 20 by 36 inches. In order to render it grease proof the stock from which it is made must be gelatinized and it becomes very dense. For these reasons the labor costs for a ton of production is excessively high, and the tonnage which can be turned out from a mill equipped to make this paper is exceedingly small as compared with the output of a mill making ordinary grades of paper.

8. It requires a very high order of skill and especially fine machinery to manufacture this class of paper.

9. The amount of this paper which can be produced from a given unit of labor is very small, and therefore the labor cost is a very large item in the cost of its production.

10. Labor is such a large element in the cost of the production of this paper, and the cost of labor in Germany, where the principal foreign mills are located, being but 43 per cent as high as in the United States, it is necessary that the present rate be maintained in order that the American mills may be able to operate at a moderate profit. By reason of the cheap cost of labor in Germany the German mills are also able to secure their raw material at less cost than the American mills can secure theirs.

11. We beg to call the committee's attention to the attached samples [which are left with the committee] of these papers, both glazed and unglazed; also the embossed samples, and from an examination of them the committee will be readily convinced that these papers can be only required for wrapping luxuries. Furthermore, the fact that these papers are used for wrapping many fancy food products, requires that great care be taken in their making, to secure absolute cleanliness and sanitation in their production. The samples above referred to are known as Exhibit A, B, C, D, E, F, G, and H. All of which is respectfully submitted to the Ways and Means Committee of the House of Representatives.

TESTIMONY OF JOHN S. RIEGEL, PRESIDENT OF THE WARREN MANUFACTURING CO., OF NEW YORK CITY.

The witness was duly sworn by the chairman.

Mr. RIEGEL. Mr. Chairman and members of the committee of Ways and Means, we are interested in that part of Schedule M, section 411, of the tariff bill now in force which imposes a duty of 2 cents per pound and 10 per cent ad valorem on "parchment papers, and grease

PARAGRAPH 411—PARCHMENT PAPER.

proof and imitation parchment papers which have been supercalendered and rendered transparent, or partially so, by whatever known." Previous to the passage of the Payne-Aldrich bill but one concern in the United States had undertaken the manufacture of this kind of paper. Under the encouragement afforded in the tariff act referred to, at least a half dozen responsible paper manufacturing plants have engaged in its production. The Warren Manufacturing Co., on whose behalf this brief is submitted, has \$375,000 invested in this branch of the paper business. This company sent representatives abroad on three occasions to study its manufacture in foreign mills. It imported foreign machinery to render its production possible, and finally succeeded in placing itself ready to begin to manufacture it about January 1, 1911. We lost in the year 1911, after charging up 6 per cent interest against the capital invested, \$36,797. In 1912 our loss was \$5,285. It is an extremely difficult product to manufacture, samples of which are attached to this brief.

We request a continuance of the present rate of duty because we have not succeeded in training a force of labor up to this time which can compete in efficiency with the labor abroad, which has had the practice and experience of years in manufacturing this difficult specialty, although we expect in a reasonable time to accomplish this. It is not a large business. We estimate the consumption in the United States at 12,500 tons per year, representing a value of \$1,600,000. The present tariff is competitive and resulted in importations during the fiscal year 1912 of 25 per cent of the consumption. We do not dwell on the difference in the cost of labor in this industry as between here and abroad. It exists, as a matter of course, the same as in any other branch of the business. Our plea is that we need your continued assistance to help us build up a new industry, to train a set of artisans in a new art, for the benefit of ourselves, of them, and the interests of the consumers.

It is an infant industry. We need all the protection the present tariff affords us, to prevent the enterprise we have shown and the capital we have invested from going to naught, and we ask that the present tariff on this line of product be continued.

BRIEF OF THE MANUFACTURERS OF PARCHMENT PAPER.

JANUARY 15, 1913.

The manufacturers here represented manufacture only what is known as genuine vegetable parchment paper.

The tariff on our paper is: "Parchment papers, grease-proof and imitation parchment papers, by whatever name known, 2 cents per pound and 10 per cent ad valorem."

The present tariff should be maintained to insure the continued prosperity of the industry, for the reason that labor is a large proportion of the cost of our paper, because the paper must pass through two distinct and separate processes, viz., manufacturing an unsized, absorbent paper and afterwards converting the paper into parchment paper by means of sulphuric acid or other suitable reagents.

Wages in Germany, Belgium, and France (where the greater part of foreign parchment paper is produced) are very much lower than in the United States. Besides, the cost of labor at the paper mill is sure to advance when the three-tour system goes into effect. The question of wages also bears on the cost of all the supplies which we purchase.

PARAGRAPH 411—BAGS, ENVELOPES, ETC.

We respectfully petition that the specific duty be retained, as it greatly reduces the wrong done by undervaluation by the foreign manufacturers.

Since 1909 the industry has prospered and increased 37 per cent in value.

Then the capital invested was.....	\$1, 630, 000
Number of wage earners was.....	560
Annual wages paid were.....	\$293, 000
Now the capital invested is.....	\$2, 240, 000
Number of wage earners is.....	695
Annual wages paid are.....	\$383, 500

The consumer is receiving the benefit of brisk competition which has always existed and the benefits obtained from larger production. The wholesale selling price has declined 10 per cent in the three years past.

The West Carrollton Parchment Co., Dayton, Ohio; the Kalamazoo Vegetable Parchment Co., Kalamazoo, Mich.; the Glen Mills Paper Mills, Philadelphia, Pa., join in presenting this brief and requested us to present it to your honorable body.

Respectfully submitted.

THE PATERSON PARCHMENT PAPER CO.
WM. T. BRUMER, *Vice President.*

PHILADELPHIA, January 15, 1913.

OSCAR W. UNDERWOOD, Esq.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We understand that you are now considering a tariff as affecting the paper schedule.

As large consumers of "grease-proof wrapping paper" we desire to call this item to your attention for mature consideration.

In our judgment, the present tariff of 2 cents per pound and 10 per cent is not a justifiable tariff and is imposing a tax on a large number of consumers for the benefit of a few producers, and at the time this tariff was created it was practically for the benefit of one mill. Further, the tariff is excessive as a protective feature for the workmen as there are very few "skilled" workmen required in the production.

In our opinion, based on an experience of quite a number of years, the producers here do not require more than the 20 per cent protective duty, and any duty further than this is an unnecessary tax upon the consumer.

Very truly, yours,

FELS & Co.

BAGS, ENVELOPES, ETC.**BRIEF OF SAMUEL ROBERT, NEW YORK, N. Y.**

HON. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: Your petitioner respectfully submits that one of the greatest iniquities of the Payne tariff law is its provision with reference to the duty on imported bags and on all boxes of paper or wood covered with the paper commonly used in the manufacture of bags and envelopes. I refer particularly to that part of Schedule M of the Payne bill which reads:

"Bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or wood covered with any of the foregoing paper, 5 cents a pound and 30 per cent ad valorem."

In support of this broad statement I beg you to consider the following facts:

In the first place I beg to say that I am engaged in the business of importing paper bags from Germany for sale to grocers and coffee and tea dealers in this country; I have been in that business in New York City since 1895, but since the enactment of the Payne law that part of my business has been practically at a standstill. It has had the same effect upon others in the like business.

PARAGRAPH 411—BAGS, ENVELOPES, ETC.

1. In presenting this appeal I am assuming that the time has come when it is recognized that an import duty, if levied at all in any particular case, is to serve only the purpose of protecting domestic manufacture against foreign competition which may be due to cheaper costs of production abroad. Any import duty greater than that tends to foster monopoly and to favor the very few as against the public at large. This is the more flagrantly the case the higher the import duty is in excess of the difference in cost of production here and abroad.

2. The paper bags which are the special subject of this submission are made of a manufactured paper product of either what is called parchym or fiber. I annex hereto a sample of bags made of both of these materials (the red being the former and the yellow of the latter). The domestic article is marked A and the foreign article B.

To make these bags serviceable for the purposes intended they are lined with a cheap paper fabric, of which I inclose a sample, marked C. This lining paper costs 2.8 cents per pound in Germany and 3 cents per pound in this country, but, as I shall explain hereafter, it is the means of a particularly aggravating exaction by means of the Payne bill.

I refer to the imposition of the "5-cents-a-pound" duty in addition to the 30 per cent ad valorem. This duty increased the cost of this paper lining when it is made part of the bag to a little over 200 per cent. This inferior and very cheap lining adds largely to the weight of the big, although it detracts from its intrinsic value as an article of manufacture. The theory of an extra duty by weight upon an article of manufacture is not in itself ordinarily always inherently wrong. But when to an excessive ad valorem duty there is added a weight duty due to an article attached to another of necessity, which addition does not increase inherent value, then (as is made clear by the subjoined schedule) a wrong results.

3. I submit herewith in tabulated form a statement which speaks for itself and which indicates the difference in domestic cost of production and foreign cost of production; as well as the cost of the imported article at New York under the Payne law, as well as under the prior Dingley law.

From this table it would appear that the foreign cost of manufacturing is only about 13 cents less per thousand bags on the parchym bags and 8 cents per thousand less on the fiber bags. This difference is almost covered by ocean freight, so that there would be practically no difference in cost at New York between the domestic and the foreign product, if the import duty were wholly abolished.

Any duty whatever, though small, would be a complete and absolute protection to the local manufacturer against unfair foreign competition.

That being so, I very respectfully submit that—

In the first place, there should under no circumstances be a duty on weight.

Secondly, that an ad valorem duty of 10 per cent would be a liberal one for the domestic manufacturer, which would certainly give him the control of the market.

4. I call attention to the fact that as soon as the Payne law went into operation the cost to the consumer of domestic bags was raised from \$2.25 per 1,000 to \$3 per 1,000 delivered to any part of the United States. This increased the percentage of profit to the local manufacturer from about 50 per cent on cost to nearly 100 per cent.

The result was that it created an absolute monopoly in favor of the domestic producer.

5. The importation of foreign bags of this kind has practically ceased. The consequence is, that while the local producer has made a fortune, the Government has lost enormous sums by way of duty. I alone had averaged about \$30,000 a year for duty on the importation on paper bags.

In conclusion I urge the foregoing considerations, and respectfully submit, that if your honorable committee determines that the case is one for the imposition of any duty at all (on this article, which is one that effects necessarily the price of commodities to the most humble consumer), that there be no greater import duty than a straight 10 per cent ad valorem.

Respectfully submitted.

SAMUEL ROBERT,
57 Warren St., New York, N. Y.

PARAGRAPH 411—BAGS, ENVELOPES, ETC.

(Based on 1-pound coffee-bag size.)

	Domestic cost of production per 1,000 bags.	Foreign cost of production.	Cost of foreign goods f. o. b. New York under Dingley law.	Same under Payne law.	Sales price of domestic bags under Dingley law.	Same under Payne law.
Parchmyn bags.....	\$1.55	\$1.42	\$2.27	\$3.14	} \$2.25	\$3.00
Fiber bags.....	1.63	1.55	2.53	3.81		

STATEMENT OF AMERICAN PAPER GOODS CO., KENSINGTON,
CONN.KENSINGTON, CONN., *January 10, 1913.*

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In response to your notice, we submit the following statement:

This company manufactures envelopes and paper bags.

In comparison with the foreign producer, the American manufacturer is under two disadvantages—increased cost of raw materials and higher cost of labor.

The most serious matter is the difference in cost due to differences in wages paid. The principal competitor is Germany, which in these goods occupies most foreign markets to the exclusion of the United States. In the South American markets, for example, there is practically no sale of American envelopes, but a very large business done by the Germans. The same is true in England and in other countries. One of our executive officers ascertained in the course of a thorough inspection of the principal factory in the city of Berlin that the wages paid in Germany for like work seem to average about 35 per cent of those paid in the United States. For example, the pay of girls operating envelope machines (much the most numerous class of employees) is 48 cents (2 marks) per day, while in the United States it averages \$1.35 for similar work. There is no advantage gained through the greater efficiency of American labor noted in some industries, for the production per employee in the German factory is absolutely the same as in our own factory. This is naturally to be expected, since in both cases the employees are simply attendants upon automatic machines of the same general type, and in some cases identical machines are used in both establishments.

An inspection of a smaller factory in a German provincial city of 30,000 inhabitants showed the same rate of wages as in Berlin. We were, however, informed by German manufacturers that in the country factories in Germany considerably lower wages were paid.

Wages in America amount to about 36 per cent of the cost of these goods, so that the difference between the German pay roll and the American pay roll amounts to over 20 per cent on the cost of the goods, and this difference will necessarily continue.

It will be seen that the present rate on envelopes is only equal to the difference in labor cost, leaving nothing as profit or as a compensating duty to balance the increased cost of machinery and materials. The margin of profit in this industry in the United States is very narrow.

The existing tariff on materials and machinery which we purchase also increases the cost of our goods, and in addition to the rate to balance the difference in labor cost it is proper that there should be a compensating duty to recover these items also. The figures on these articles in the staple lines are, paper, from 35 to 50 per cent; machinery, 45 per cent; printing ink, 25 per cent; and gum, 25 to 35 per cent. Some of each of these articles, except ink, we actually import, and we understand the cost of all in this market to be affected by the tariff. This increase in the cost of our materials and machinery increases the cost of our goods about 20 per cent. We are speaking now of the standard grades of paper. On some special items the tariff is so high as to make it almost impossible to manufacture the goods here as things stand. In

PARAGRAPH 411—BAGS, ENVELOPES, ETC.

a recent case we imported some paper from Germany costing 3 cents per pound in that market, the duty on which was $4\frac{1}{2}$ cents, so that the duty on the paper used was alone more than the duty on the finished envelope. In other words, even under the existing tariff these goods would be imported and the American manufacturer shut out if the German manufacturer canvassed this market more thoroughly.

We call particular attention as an example of a special line to the duty, paragraph 411, on parchmyn papers, 2 cents per pound and 10 per cent ad valorem, and on bags and envelopes produced therefrom 5 cents per pound and 30 per cent ad valorem. In this class of goods, which are already imported more freely than most envelopes and bags, we are particularly subject to foreign competition, chiefly German, for we are not only largely dependent upon Europe as a source of supply for paper, our raw material, but, in addition, have against us the condition that such papers, having been used extensively in Europe for a long period and introduced only comparatively recently in the United States, the Europeans are at present much better versed in the methods of handling this stock, which is found on this side to be a difficult task. In addition to the figures given above applying to the general run of our business we would particularly impress upon your committee the necessity of preserving at least the present ratio between parchmyn papers and manufactures thereof. Otherwise Germany, already having part of the American market on these envelopes and bags, would acquire practically the whole of it. All that we ask is that our raw material may not be assessed higher in proportion than our finished product. The present tariff preserves about the proper condition in this regard and gives the foreigner as good a chance in this market as any American has.

Recurring again to the general rate on envelopes and paper bags, to wit, 20 per cent on envelopes and 35 per cent on bags, we remind you that these rates are much lower than the average tariff duties imposed, and were not increased in the existing tariff. Until the duties on imports generally are brought down to the low rates imposed on these articles we respectfully submit that the existing rates, not being sufficient as they stand to balance the difference in cost of production, should not be further reduced.

Yours, respectfully,

AMERICAN PAPER GOODS CO.
W. S. BACON,
Assistant Secretary.

BRIEF OF THOMAS M. ROYAL & CO., PHILADELPHIA, PA.

PHILADELPHIA, PA., *January 30, 1913.*

HON. O. W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We are very much obliged to you for your letter of January 25, and in reply we desire to submit the following facts in regard to paper bags, now dutiable under paragraphs 410 and 420 of Schedule M.

Before passage of existing tariff all bags imported were made of embossed paper, parchment paper, grease-proof, or imitation parchment paper, and would come in under paragraph 410 at 5 cents per pound and 30 per cent ad valorem, this representing about the difference in cost of manufacture between here and Germany; but to the best of our knowledge no importations were ever made to come under this paragraph.

The importers "got around it" in this way: They omitted the embossing and substituted fiber papers for the papers above mentioned, so that these bags could be brought in under paragraph 420 as manufactures of paper dutiable at 35 per cent ad valorem. (See samples 1 and 2.)

In our opinion it was the obvious intention of this tariff to make bags dutiable at 5 cents per pound and 30 per cent ad valorem, as every bag brought here before passage of bill would have come under description of paragraph 410; but by using papers which had never before been thought of for bags the importers are now bringing them in under paragraph 420 at 35 per cent ad valorem.

We would respectfully suggest that a paragraph be made covering paper bags, envelopes, boxes, etc., exclusively, no matter of what paper they may be manufactured, and that the tariff on them should remain the same as given in paragraph 410.

PARAGRAPH 411—PHOTOGRAPHIC PAPER.

Samples are on file with Ways and Means Committee showing how present tariff is evaded by German manufacturers. If you want figures showing comparison of costs of manufacture between here and Germany we will be very glad to furnish them.

All the above respectfully submitted.

Yours, very truly,

THOMAS M. ROYAL & Co.

PHOTOGRAPHIC PAPER.**BRIEF OF THE THOMPSON ART CO., PORTLAND, ME.**

PORTLAND, ME., *February 19, 1913.*

The CHAIRMAN OF WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: We are taking the liberty of addressing you to say that as the largest photographic publishing house in Maine, we use quantities of photographic platinum paper, also known as "Platinotype."

As this process produces beautiful and permanent pictures in metallic platinum (instead of silver which is generally used) and as the price of metallic platinum within the last five or six years has jumped from \$20 to between \$45 and \$50 per ounce, the process is becoming constantly more expensive, and as the Eastman Kodak Co., the Camera Trust, are practically the only producers of platinum paper in this country, consequently controlling the market and keeping prices abnormally high to help their 45 per cent dividends, we purchase our paper through a Philadelphia office of an English house, and we are very desirous of securing reduction in the tariff on this class of paper.

Presuming that there will be a chance at the next session of Congress, we desire to earnestly solicit your assistance in procuring a reduction; such reduction will not affect any American manufacturers, as the Eastman Kodak Co. are practically the only ones making such paper, and certainly they do not need protection, but the public needs protection from them and their methods.

I sincerely trust that it will be possible to secure a good sized reduction in the tariff on this paper, and thanking you in advance for any interest you may take in this matter, believe me, I desire to remain,

Yours, very truly,

THOMPSON ART Co.
F. M. THOMPSON, *Treasurer.*

[Inclosure.]

PLATINUM IS HIGH.**HISTORY OF THE PRECIOUS METAL USED IN PRODUCING FRED THOMPSON PICTURES.**

The increased use of any material is usually followed by a decrease in price, its production usually keeping in advance of the demand. However, the demand for platinum has outstripped its production and placed it among the highest priced of the precious metals.

Thomas Bolas, writing of his early days in chemistry, states that the earliest volcanic eruptive formations contained grains and small nuggets of platinum, and as these formations disintegrated, the heavy grains drifted into the water courses where they are now found, but that the bulk of this heavy metal settled down far below the reach of man, which does not leave much hope for the discovery of extensive platinum deposits.

Platinum, he states, appears to have been first recognized as a distinct metal by the Spanish settlers in America, who about 1737, stigmatized it as the small or comparatively worthless silver, hence the word "platina," diminutive of "plata," silver.

Export of this metal was forbidden, lest it should be used for adulterating gold, and the grains were used by the settlers as a substitute for buckshot.

Platinum was introduced into Great Britain by a government assayer named Wood, who brought over a quantity in 1741.

Early in the nineteenth century platinum began to be much valued as a material from which to make vessels for chemical use, a dealer in chemicals quoting "Platina of commerce" at 5 shillings per ounce. The price of platinum remained comparatively low until about 1880.

PARAGRAPH 411—PHOTOGRAPHIC PAPER.

In 1863 Mr. Bolas was able to purchase crucibles of refined platinum at the rate of 25 shillings per ounce, and that it was easy to buy platinum scrap suitable for dissolving at the rate of 12 shillings per ounce, and often for considerably less.

Between 1860 and 1880 counterfeit sovereigns of platinum, gold plated, were in circulation; this would hardly be profitable to a thrifty "shover of the queer" to-day, with platinum at \$46 per ounce.

Aside from its many uses in a mechanical way, platinum is largely employed in the manufacture of the genuine platinum paper used by Fred Thompson for producing his photo-craft pictures as it makes brilliant, permanent prints which can be used in plain black and white, sepia or colored with imported water colors to give most charming artistic effects.

Mr. Thompson will not make any increase in the price of his pictures at present, but if the price of platinum jumps much higher he will be forced to.

THOMPSON ART CO.
FRED THOMPSON, *Portland, Me.*

**STATEMENT OF WILLIS & CLEMENTS, PHILADELPHIA, PA.,
ON PHOTOGRAPHIC PAPERS.**

PHILADELPHIA, January 18, 1913.

The CHAIRMAN OF THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: The duty of 30 per cent on photographic papers is excessive and could be modified without any great loss to the manufacturers here.

For 25 years we have imported a photographic paper from England known in the trade as "platinotype paper," that is, the resulting image being in metallic platinum instead of silver, as in other photographic papers. No paper made (no similar paper is made by anyone in America outside of the Kodak Trust) compares in quality to this paper, and photographers throughout the country would be glad to use it if it were less costly.

The metal platinum is now \$47 per ounce against \$20 per ounce a few years ago. A salt of this metal is used in sensitizing platinotype paper which accounts for its greater cost over silver photographic papers. The duty of 30 per cent has been in existence some 20 years. Previously it was 35 per cent, but as the metal platinum has doubled in price during the past 20 years we feel that the duty should now be proportionately reduced and if it is only a little, say 10 or 15 per cent, it will help along the good work. During the past 10 years we have paid the Government in duty on platinotype paper as follows:

1903.....	\$32,432.70	1908.....	\$32,945.10
1904.....	42,244.80	1909.....	27,307.50
1905.....	43,412.71	1910.....	24,996.30
1906.....	49,030.50	1911.....	18,612.60
1907.....	38,977.20	1912.....	16,181.10

In the year 1906 a very serious advance was made in the price of the metal platinum, and by glancing at the figures above you will see how much this increased cost of the metal has affected importations, and it would seem that it will be only a short time before this method of photographic printing will go out altogether, which would be most unfortunate.

The metal platinum comes in free of duty.

Another matter to which we would like to refer is that photographic lenses at 45 per cent practically keeps out of this market the very best grade of lenses of European make which are of necessity to American photographers.

Respectfully,

WILLIS & CLEMENTS,
By ALFRED CLEMENTS.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.**PARAGRAPH 412.**

Pictures, calendars, cards, labels, flaps, cigar bands, placards, and other articles, composed wholly or in chief value of paper, lithographically printed in whole or in part from stone, metal, or material other than gelatin (except boxes, views of American scenery or objects, and music, and illustrations when forming part of a periodical or newspaper, or of bound or unbound books, accompanying the same, not specially provided for in this section), shall pay duty at the following rates: Labels and flaps, printed in less than eight colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, twenty cents per pound; cigar bands of the same number of colors and printings, thirty cents per pound; labels and flaps printed in eight or more colors, but not printed in whole or in part in metal leaf, thirty cents per pound; cigar bands of the same number of colors and printings, forty cents per pound; labels and flaps, printed in whole or in part in metal leaf, fifty cents per pound; cigar bands, printed in whole or in part in metal leaf, fifty-five cents per pound; all labels, flaps, and bands not exceeding ten square inches cutting size in dimensions, if embossed or die cut, shall pay the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings (but no extra duty shall be assessed on labels, flaps, and bands for embossing or die cutting); booklets, seven cents per pound; books of paper or other material for children's use, not exceeding in weight twenty-four ounces each, six cents per pound; fashion magazines or periodicals, printed in whole or in part by lithographic process, or decorated by hand, eight cents per pound; booklets, decorated in whole or in part by hand or by spraying, whether or not lithographed, fifteen cents per pound; decalcomanias in ceramic colors, weighing not over one hundred pounds per thousand sheets on the basis of twenty by thirty inches in dimensions, seventy cents per pound and fifteen per centum ad valorem; weighing over one hundred pounds per thousand sheets on the basis of twenty by thirty inches in dimensions, twenty-two cents per pound and fifteen per centum ad valorem; if backed with metal leaf, sixty-five cents per pound; all other decalcomanias, except toy decalcomanias, forty cents per pound; all other articles than those hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of one inch in thickness, twenty cents per pound; exceeding eight and not exceeding twenty one-thousandths of one inch in thickness, and less than thirty-five square inches cutting size in dimensions, eight and one-half cents per pound; exceeding thirty-five square inches cutting size in dimensions, eight cents per pound, and in addition thereto on all of said articles exceeding eight and not exceeding twenty one-thousandths of one inch in thickness, if either die cut or embossed, one-half of one cent per pound; if both die cut and embossed, one cent per pound; exceeding twenty one-thousandths of one inch in thickness, six cents per pound: Provided, That in the case of articles hereinbefore specified the thickness which shall determine the rate of duty to be imposed shall be that of the thinnest material found in the article, but for the purposes of this paragraph the thickness of lithographs mounted or pasted upon paper, cardboard, or other material, shall be the combined thickness of the lithograph and the foundation on which it is mounted or pasted.

LITHOGRAPHIC PRINTS.**TESTIMONY OF GEORGE R. MEYERCORD, REPRESENTING THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS, CHICAGO, ILL.**

The witness was duly sworn by the chairman.

The CHAIRMAN. Mr. Meyercord, the committee will recognize you for 20 minutes.

Mr. MEYERCORD. Mr. Chairman and gentlemen, as you probably know, the schedule is rather a lengthy one, and I have had an additional number of briefs prepared, so as to distribute them to the committee.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

In addition to the written brief, there are quite a number of facts relating to our industry that should be on the records, and compilation of statistical data was not possible in time when submitting this written brief.

The products of lithography are so varied and widespread that it is a very large problem to get the statistical data on any given subject.

The organization that I represent is the National Association of Employing Lithographers, and this organization comprises over 80 per cent of the capacity of the manufacturing lithographing plants, some four or five hundred in number.

The total product of the industry is slightly in excess of \$25,000,000 annually of sales, and there is between \$11,000,000 and \$12,000,000 paid out in wages. The labor is the highest priced labor of any industry, with the exception of diamond cutting. These are trade statistics showing \$25,000,000 worth of sales, and over \$15,000,000 is in the form of letter heads, stocks, bonds, circus posters, car cards, and various products of the art that are what you might term of an immediate delivery nature, and which can not be imported on account of the time of delivery. They are all in the nature of hurry-up products of the art, and consequently for the purpose of tariff discussion, the following facts and statistics will be of value to the committee:

First, the foreign importation with the duty added, and the selling price, or expense of selling, would bring the foreign product—that is, in its displacement value with American productions—up to between four and a half and five million dollars. Second, the competitive with Europe productions of lithography—that is, the American productions—is somewhere between eight and ten millions of dollars.

By turning to page 8 of our brief and looking at the paragraph, subdivisions from 13 to 21, it will be seen that in the brackets the importations are large, and our records show the foreigners control anywhere from 50 to 95 per cent of the total consumption of these products in this market.

The domestic manufacturers can not compete on equal terms. It is only when quick delivery is involved that the domestic manufacturer's higher price is accepted. This is particularly true on those brackets Nos. 14, 16, 19, 20, and 21.

By referring this statement to the examiners of this merchandise at the chief port of entry, New York, this unquestionably will be confirmed as a fact, and I would respectfully request that the committee have the necessary inquiry made to establish it as a fact—to prove our contention that we must have a net differential of 43 per cent to protect us on labor, and a proper differential for the duties paid on the raw materials involved in the product.

We have exhibited a minimum wage and an average wage, on page 11, and you will notice the submission of our statistics on foreign wages are the statistics of our own consul general in Berlin, who gathers them for the Department of Commerce and Labor, and the German Government's own chambers of commerce submitted figures on German wages, as you will see by reference to Senate Document No. 68 of the Sixty-first Congress. We have accepted their own figures.

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The figures for the American lithographers are the minimum rates of the association in their published records.

Lithography is classified as a luxury. I can show you that the Government can get more revenue by raising the rates and curtailing importation than they now receive under the present law. For instance, on page 8, line 19, there is one item called calendar backs. This is a particular product that is distributed to the printers, and the small houses as a rule sell them to the grocers and druggists, and they give them away at Christmas time or some other time. He puts the calendar pad on and types in the name of the ultimate buyer, who gives it away with his compliments at Christmas or other seasons of the year. The importations of this item—I am not going to use the pennies figures in this—but speaking broadly, was \$408,000, of this item 19. The duty was practically 24.75 per cent, the actual statistics varying within about one-fiftieth of 1 cent of those figures. The revenue was \$102,000, and the importers sold over 95 per cent of this particular class of product. If the duty was 43 per cent, the revenue would be \$176,000, and this increase, in our judgment, would transfer approximately one-fourth of this trade to the American lithographer, and the net result would be \$306,000 of importations, at 43 per cent, which would yield \$132,000 in revenue, or about \$29,000 more revenue than the present law, and there would be the additional revenue for raw materials used in making \$100,000 worth of goods in this country.

Mr. DIXON. What would be the import cost to the druggists and grocers for that article?

Mr. MEYERCORD. The selling expense is a very large item in marketing this article. A very heavy commission goes with the sale of this article. The patterns are \$10, \$15, and \$25, and the average European price of this particular article is multiplied by over three or four times when it reaches the grocer who gives it away. That happens to be one of the articles which is peddled out in very small volume to the ultimate buyers.

Take items 20 and 21, which is this article here [exhibiting article]. This is used for decorating chinaware. There are enough ornaments on this for an entire dinner set. This sells at the port of entry at New York, according to the Government statistics, at an average price of 9½ cents a sheet. This amount of ornamentation at the European cost to decorate a dinner set of this pattern, may take 15 to 18 cents worth, and some even less. I should say 13 or 14 cents, at the European valuation, is the price of that amount of ornamentation needed to decorate a dinner set.

This is called a decalcomania transfer. The imports in 1912, foreign value, were \$134,000. The Government has separated the importations of tissue paper and double or duplex paper in two brackets, but I am lumping them for the purpose of this argument. The value was \$134,000, and the duty was a little above 40 per cent and a little below and consequently for the purpose of this argument I am making the average 40 per cent, and it brought in a revenue of \$54,000. The number of sheets imported was slightly less than 1,600,000. The importers sell over 80 per cent of this class of material. For proof of this you can refer to the potteries that con-

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sume the article and you can refer to Col. Taylor of Knowles, Taylor & Knowles, and Mr. George Thompson of the Thompson Pottery Co., both firms of East Liverpool, Ohio.

If the tariff rates were made 5.5 cents per sheet as against 3.5 cents, the present duty, the following results from a revenue standpoint would be apparent. The imports would decrease about 25 per cent, or in figures from 1,600,000 sheets to 1,200,000 sheets. The revenue of 1,600,000 sheets was \$54,000, and the revenue on 1,200,000 at 5.5 cents would bring \$66,000, or a net increase of \$12,000 in revenue on the finished sheets plus an additional revenue of ten or twelve thousand dollars from duties paid on raw material used in the making of 400,000 sheets extra by the American manufacturers.

That of course is only two brackets out of 30 or 40 here that I am using so as to show you that the committee can raise additional revenue from this source. The article is strictly a luxury. For instance, you take fine perfumeries and they will get a 10 or 15 colored lithographic label, and the very cheap ones use the type label. Wherever you get into the finer grades of silks, stockings, and so on, they will put on a fancy cover, and so forth. The product that is competitive with Europe is strictly a luxury.

The wages for labor in 1909 were 41 per cent of the total cost of the product. This percentage has now been increased to 45 per cent and over, owing to a reduction in working hours from 53 to 48 hours per week, which reduction occurred a couple of years ago. The wage rate in Germany and other European countries, where the industry has flourished for more than 100 years, and is now in the highest state of development, is approximately one-third of the wage rate in America. This will be readily borne out by the German Government figures.

On a unit of product costing \$1 in an American factory, 45 cents is the labor cost. Applying the ratio of wage rate in Germany, the same labor cost would be approximately 15 cents. Other things being equal, although in fact raw materials cost far less in Germany than they do in America, the whole cost of the same product in Germany would be 55 cents for raw material and 15 cents for labor, making a total cost of 70 cents. In order to raise the German cost of 70 cents to the American cost of \$1, it would be necessary to establish a specific duty producing a return of 30 cents or an ad valorem equivalent of 43 per cent. Under the Payne-Aldrich bill, there was a very scientific division of the brackets of the products, but owing to the lack of knowledge of the previous ad valorem equivalent on account of changes in subdivision we had no accurate statistics available prior to this act; that is, the last act, and at the present time we have had returns that show a very wide range. We are equalizing to a basis of 43 per cent.

Mr. DIXON. To equalize the labor cost, you do not need 43 per cent.

Mr. MEYERCORD. Yes, sir.

Mr. DIXON. In your exhibits there are only two or three of the subdivisions where you have more than that at this time, No. 5 and No. 22.

Mr. MEYERCORD. Yes, sir.

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Mr. DIXON. Those are the only two. You are competing with all the others?

Mr. MEYERCORD. We vary all the way from about 15, up to close to that figure, and some above it. In the case of those above it, the use of the metal leaf which is on the basis of approximately 60 per cent ad valorem must be either imported or the domestic used, which is very largely equalized in price. Consequently those articles where that higher rate appears are subject to the use of very valuable material; that is, the use of the metal leaf.

Mr. PETERS. Can you tell us, of the articles which you have been calling to our attention, what amount of domestic consumption is imported at the present time?

Mr. MEYERCORD. To understand that you will have to go back to my first remark, where I told you there are about 60 per cent of the products of lithography that are absolutely noncompetitive, such as letter heads, stocks, bonds, circus posters, car cards, etc., which amount to over \$15,000,000, and which drop the total down to \$10,000,000 or less that compete with the imported productions. The statistics furnished by the Government run the importations close to \$3,000,000, European value. If the tariff here is a third, or 33½ per cent, it brings this up to \$4,000,000, and the selling price runs it up fully a million more in its displacement value with the American production. Consequently we deal with a situation where the competitive products of the art stand approximately at one-third import and two-thirds American production. But in some brackets—take the two that I named, and some of these later ones down the line—it is the very reverse, where the importations run all the way from 80 to 95 per cent as against domestic production of 5 to 20 per cent.

Mr. PETERS. Do you consider those articles necessities of life?

Mr. MEYERCORD. I certainly do not. You would not need decoration on a dish to make it a sanitary dish. That would not cut out the china industry; but at the same time they must have it. Take the perfumery bottle. If it had a type label it would still be the same perfume. Take this photograph [exhibiting photograph] and you could do the same thing with it. There is not any question but that the coloring and printing art is strictly a luxury. It is classified by the Government as a luxury.

Mr. LONGWORTH. You stated that the average wages of employees in the lithographic industry was larger than in any other industry.

Mr. MEYERCORD. Yes, sir; the Government statistics show that.

Mr. LONGWORTH. Are you familiar with the wages paid abroad, and in the competing industries here?

Mr. MEYERCORD. If you will remember Senate document—the famous Senate document that came out. It was kept back for about a week or two, but finally was produced. It published a series of returns from lithographing establishments throughout the German Empire that were submitted to the chambers of commerce, were in turn submitted to the ambassador here, who turned them over to the Senate committee. In that document was a very comprehensive statement of the wages paid the German lithographing industry. We are willing to accept the German figures, and we are not going to attempt to show in any way that they are overdrawn. You can

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take this much for granted, that they certainly did not publish any lower wage rate than they are paying.

Mr. LONGWORTH. Generally speaking, how do these wages compare with Europe?

Mr. MEYERCORD. They are right here on page 11. You will find where we range from \$22.50 to \$38, and the German rate is \$8.24. Our average rate is \$29, weekly.

Mr. FORDNEY. In other words, their schedule is 28.5 per cent of yours. I have figured it out here.

Mr. MEYERCORD. Yes, sir.

Mr. FORDNEY. In another item, comparing \$8.12 against \$25.85, their schedule is 31 per cent.

Mr. MEYERCORD. Yes, sir.

Mr. FORDNEY. In another item, comparing \$9.43 against \$31, it is 30.4 per cent of your wages?

Mr. MEYERCORD. Yes, sir; and on the minimum they are a little closer, so we make a grand lump average of one to three.

Mr. LONGWORTH. What proportion of the cost of your product is labor?

Mr. MEYERCORD. Our proportion is given on page 4. It is 45 per cent. I had the association furnish to me authentic records of their sales and their wages, and by taking 21 or 22 plants in the industry I arrived at it in that way.

Mr. LONGWORTH. Suppose you could reduce your labor cost. Suppose you could reduce the wages of your employees to the point paid to employees of your competitors?

Mr. MEYERCORD. Foreign competitors?

Mr. LONGWORTH. Yes.

Mr. MEYERCORD. They would all go to laying brick or something else—

Mr. LONGWORTH. Suppose you could pay your workmen here what your competitors pay their workmen abroad. Would you need a duty to compete with them?

Mr. MEYERCORD. That is all we want.

Mr. LONGWORTH. In other words, you will take your chances?

Mr. MEYERCORD. We will take our chances. Give us an equal division.

Mr. LONGWORTH. You will take your chances on everything except the labor cost?

Mr. MEYERCORD. Yes, sir.

The CHAIRMAN. Is that all?

Mr. LONGWORTH. Let me ask just one more question, Mr. Chairman. Have the prices of your product gone up in the past three years?

Mr. MEYERCORD. If you will take the large advance made in post cards. There is another instance in point, Mr. Chairman, on the revenue question. Take the post-card importations and they are bringing in to-day more revenue at 70 per cent than they brought in under fivefold the importations under the Dingley law. The Dingley law had five times as many importations annually of post cards than under the Payne-Aldrich bill, and yet the American post-card manufacturers to-day are selling post cards so cheap—they are selling 10

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for a dime or 5 for a nickel in Woolworth's or other Five and Ten Cent stores—

Mr. LONGWORTH (interrupting). In other words, the imposition of the duty brought about such competition that the actual price to the consumer was reduced?

Mr. MEYERCORD. Yes. You probably remember yourself that four or five years ago that view cards brought a nickel for two cards, and to-day you can get five for a nickel.

The CHAIRMAN. Mr. Meyercord, the Five and Ten Cent stores are not a fair example in competition in prices. It is a well-known fact that you gentlemen of the trade sell to the Five and Ten Cent stores a good deal cheaper than you do to anyone else.

Mr. LONGWORTH. The fact is you can now buy a picture of the White House on a post card that was not made in Germany.

Mr. MEYERCORD. Yes.

Mr. LONGWORTH. And before the Payne law passed you could not?

Mr. MEYERCORD. That is about the size of it.

Mr. FORDNEY. The fact is that you can buy these post cards at any post office for a penny a piece.

Mr. MEYERCORD. Yes, sir. If you will ask the Assistant Postmaster General, he will give you some idea of the enormous revenue secured by the postal department out of these post cards. You will find that it is the biggest single item of the postal department revenue. In addition to the lowering of the price due to the Five and Ten Cent store proposition, the Government should have every penny of revenue from the tariff end of it and get a dollar or two dollars out of the postal end of it for the stamps.

The CHAIRMAN. Your time is up, Mr. Meyercord.

Mr. MEYERCORD. I thank you.

BRIEF OF THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS.**WHO WE ARE.**

The National Association of Employing Lithographers is an organization truly representative of the entire lithographic trade of the United States. Its members are manufacturing lithographers, with plants in substantially all the States of the Union.

BEFORE 1909.

Before 1909 the manufacturing lithographers of the United States were not organized and were not adequately or properly represented before Congress in tariff matters.

THE TARIFF OF 1909.

In the act of 1909, the unscientific and crude provisions of prior acts, formulated through an ignorance of the subject because those interested did not explain it, were eliminated, and a scientific classification of the large variety of lithographic products, requiring separate consideration and individual treatment in the matter of specific rates, was accomplished. This was the result of absolutely exhaustive hearings and consideration, in which the domestic manufacturer and the importer were each well and fully represented.

At the foot of this brief (Exhibit A) there appears the provision of the act of 1909, together with tabulated statistics indicating the rate per pound and the ad valorem equivalent computed by the Department of Commerce and Labor. In the last column appear certain suggested specific rates which are necessary to produce a 43 per cent ad valorem equivalent. We know this equivalent is essential to equalize foreign and domestic costs.

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THE ARGUMENT FOR A HIGHER RATE ON CERTAIN SPECIFIC CLASSES.

Wages for labor in 1909 represented 41 per cent of the total cost of the product. This percentage has now been increased to 45 per cent and over, owing to a reduction in working hours from 53 to 48 hours per week.

The wage rate in Germany and other European countries, where the industry has flourished for more than 100 years and is now in the highest state of development, is approximately one-third of the wage rate in America. (See Exhibit B.)

On a unit of product costing \$1 in an American factory, 45 cents is the labor cost. Applying the ratio of wage rate in Germany, the same labor cost would be approximately 15 cents. Other things being equal (although, in fact, raw materials cost far less in Germany than they do in America), the whole cost of the same product in Germany would be 55 cents for raw material and 15 cents for labor, making a total cost of 70 cents. In order to raise the German cost of 70 cents to the American cost of \$1, it would be necessary to establish a specific duty producing a return of 30 cents or an ad valorem equivalent of 43 per cent ($30/70=43$).

The ad valorem equivalent of the duties established by the act of 1909 are, with three exceptions, below this figure.

THE RESULT OF THE ACT OF 1909 TO THE AMERICAN WORKMAN.

In 1906 the lithographic trade experienced a strike, in which the workmen asked for eight hours. Under the then unfavorable difference between American and European costs, due to the tremendous difference in wage rate and cost of raw materials, the American manufacturer found it impossible to concede the eight-hour day, much as the American manufacturer would have liked to do so in order to place his workmen upon as favorable a plane as that enjoyed by workmen in other trades. This strike, which injured both employer and employee, terminated in favor of the employer, because it had to terminate in that way or destroy the industry.

In 1911, in the absence of any request or demand on the part of anyone, the National Association of Employing Lithographers, enjoying for the first time in the history of the trade a tariff approximating a rate tending toward an equalization in foreign and domestic costs, found it possible to distribute the benefits to the workmen, and voluntarily granted the eight-hour day. The argument of the American manufacturer so frequently used, that the welfare of the American workmen depended upon the tariff (an argument frequently assailed as specious and insincere), applied with full force and in perfect sincerity to our industry. The immediate and direct beneficiaries of the tariff act of 1909 were the American lithographic workmen, and they were the recipients of those benefits because of their own petitions to Congress and their own attempts, successful for the first time, to educate legislators in the perplexing technicalities of the trade. Added to their efforts were the efforts of the manufacturers, sincerely devoted, not only to their own welfare, but to the welfare of every person whose livelihood depended in any degree upon the prosperity of our trade. To in any measure jeopardize the continuance of these distributed benefits would be a direct blow to American labor. Regardless of any organization advocating any particular cause, there must result from every economic disturbance a benefit or an evil to all those engaged in the industry affected. The American workmen must in the nature of things share in the prosperity of a business, and just as surely must the workmen share in the disasters which occur. While it may not be possible to go back to nine hours if an adequate tariff is not given to the trade, it nevertheless will certainly occur, with the added labor cost entailed by eight hours, as distinguished from nine hours, that the workmen will suffer by lack of employment, and hence a diminution in his annual wage; or by reduction in wage rate, or by some other absolutely essential and unfavorable readjustment which imposes upon him his percentage of trade disaster.

LITHOGRAPHY A LUXURY.

The product of the lithographic industry is a luxury. A tariff which permits it to prosper imposes no charge upon the ultimate consumer. A lithographic tariff is strictly a question between the American manufacturer and the American workmen on the one hand and European interests on the other. It is a clear-cut controversy between those who have at heart industries located in America and those who have at heart industries located in Germany.

The lithographic industry in the United States exists throughout the length and breadth of the land. All sections are equally represented because it is a product which is very largely subject to local distribution. Dependent upon its prosperity are other

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industries, supplying it with paper, ink, machinery, etc., and these allied industries have, through the impetus given to the trade through the act of 1909, enjoyed their own proper share of the increased prosperity.

It would be fatal to go back. Any added importations would deprive the workmen of labor. Any added importations would necessarily throw some workmen out of positions, no matter how few they might be. Workmen thrown out of positions increase the supply of labor, and it is only a natural law to expect that, as keenness of competition comes in the labor market, wages must fall.

The lithographic industry is not one which is involved in the considerations which move for lower tariff rates generally. It is absolutely unimportant from the standpoint of the cost of living.

DECALCOMANIA TRANSFER PRINTS.

General wage arguments apply alike to decalcomania and lithographs generally, but decalcomania transfers are manufactures almost entirely out of materials that must be imported. To understand the subject a description of the decalcomania is necessary:

Decalcomania is a transfer picture printed either on simplex or duplex paper. It is transferred from this paper to china, furniture, machinery, glass, and the like, and consists of three distinct types for the purpose of custom's classification.

Ceramic prints are all printed on duplex patented paper, but are turned into simplex by stripping the tissue from the heavier backing paper, and hence when in tissue form would weigh very little. Ceramic decalcomania is used for decorating china and glassware, and is composed of so-called china colors, which colors are almost entirely imported and pay 30 per cent ad valorem tariff (see par. 56). Duplex paper has never been made in this country. Patents are owned abroad, and no attempt has been made to make it in this country, and probably never will, on account of the patent control enjoyed by the foreign makers. The duty on the imported paper, which must be imported in the form with the heavy weight of the backing attached, is 5 cents per pound (see par. 411).

Referring to the results of Government statistics, the following facts appear with reference to decalcomania:

Average European costs (see statistics Department Commerce and Labor), completed sheet, 9½ cents.

Average American costs: Paper, 3 cents; color, 5 cents; labor, 6.75 cents; total, 14.75 cents.

Difference between American and European costs, 5½ cents.

Present ad valorem duty, 3½ cents.

Difference between American and European costs not provided by the present duty, 2 cents.

The figures thus obtainable from Government statistics are undoubtedly corroborated as correct by an investigation conducted by Mr. Ethelbert Stewart, of the Taft Tariff Commission. In the only plant in America which has been able to survive German competition within the last year all but one of the American factories was compelled to cease business because of this differential in cost, and it was in this one plant that the investigation was made, and the result was established that upon every sheet manufactured and sold by that plant a net ultimate loss of 2 cents per sheet was experienced. It is necessary, therefore, that this 2 cents per sheet be supplied in some manner.

Fortunately, it becomes possible to supply this differential equalizing cost without placing an additional 2 cents tariff on the imported article. By placing an additional cent on each imported sheet and by placing the patented decalcomania paper upon the free list (resulting in the cheapening of the paper to the American manufacturer of 1 cent a sheet) the American manufacturer will secure the 2 cents required.

No interest will suffer by putting the decalcomania paper on the free list. It is subject to patent, it is impossible to make it in America, and there is no present American manufacturer manufacturing it, attempting to manufacture it, or manufacturing or attempting to manufacture an article sold in competition with it.

By changing the present rates, therefore, to read \$1 per pound and 15 per cent ad valorem on the simplex paper, and 32 cents per pound and 15 per cent ad valorem on the duplex paper, necessary equalization of costs is accomplished, and the continuance of the industry in the plant which is the sole survivor of the attempt to carry out the industry in America is, in a measure, somewhat reasonably assured. Not only this, but the principal consumer of this product—the American potter—is, by the existence of an American industry, protected against a foreign monopoly of decorations appearing on American china.

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VIEW CARDS.

The reason why view post cards must be considered separately from the general lithograph schedule is:

First. The quantities dealt in per subject are very small, hence the article is almost entirely a labor product. The ratio of materials generally does not exceed 20 per cent and seldom over 35 per cent, even in the lower grades, whereas labor averages fully 70 per cent.

Second. Apart from the high percentage of labor in the shop cost, each view card must be photographed first, and a design prepared which represents nothing but labor, even on the smallest editions.

Third. That the present rate of duty can not be lowered is proven by one incontrovertible fact, namely, the importations are now increasing. The foreign maker is gaining ground in the market.

Fourth. The compound duty is absolutely necessary because of the widely varying quantities, qualities, and number of colors involved which leads to an unusual variation in costs.

Respectfully,

GEORGE R. MEYERCORD, *Chairman*,
HORACE REED,
ROBERT M. DONALDSON,

Tariff Committee National Association of Employing Lithographers.

EXHIBIT A.—General lithographic work.

[Tariff act of 1909, schedule M, paragraph 412.]

Pictures, calendars, cards, labels, flaps, cigar bands, placards, and other articles, composed wholly or in chief value of paper, lithographically printed in whole or in part from stone, metal, or material other than gelatine (except boxes, views of American scenery or objects, and music, and illustrations when forming part of a periodical or newspaper, or of bound or unbound books, accompanying the same, not specially provided for in this section), shall pay duty at the following rates:

	A. Value of imports for year ended June 30, 1912.	B. Per pound rate.	C. Ad va- lorem equiva- lent.	D. The new rate necessary to equalize for- eign and domestic cost.
1. Labels and flaps printed in less than eight colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 20 cents per pound.....	\$25,545.75	\$0.20	<i>Per cent.</i> 32.99	\$0.26
2. Cigar bands of the same number of colors and printings, 30 cents per pound.....	77,585.00	.30	34.25	.37
3. Labels and flaps, printed in eight or more colors, but not printed in whole or in part in metal leaf, 30 cents per pound.....	40,125.00	.30	39.92	.32
4. Cigar bands of the same number of colors and printings, 40 cents per pound.....	12,656.00	.40	36.21	.47
5. Labels and flaps, printed in whole or in part in metal leaf, 50 cents per pound.....	19,660.00	.50	57.28	.37
6. Cigar bands, printed in whole or in part in metal leaf, 55 cents per pound.....	70,780.00	.55	34.47	.68
7. All labels, flaps, and bands not exceeding 10 square inches cutting size in dimensions, if embossed or die cut, shall pay the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings (but no extra duty shall be assessed on labels, flaps, and bands for embossing or die cutting).				
8. Booklets, 7 cents per pound.....	89,976.00	.07	15.35	.19
9. Books of paper or other material for children's use, not exceeding in weight 24 ounces each, 6 cents per pound.....	19,015.00	.06	26.84	.09

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

EXHIBIT A.—General lithographic work—Continued.

	A.	B.	C.	D.
	Value of imports for year ended June 30, 1912.	Per pound rate.	Ad valorem equivalent.	The new rate necessary to equalize foreign and domestic cost.
10. Fashion magazines or periodicals, printed in whole or in part by lithographic process or decorated by hand, 8 cents per pound.....	.....	\$0.08	No figures.	.....
11. Booklets, decorated in whole or in part by hand or by spraying, whether or not lithographed, 15 cents per pound.....	\$88,853.00	.15	23.78	\$0.27
12. All other articles than those hereinbefore specifically provided for in this paragraph, not exceeding eight one-thousandths of 1 inch in thickness, 30 cents per pound.....	102,598.50	.20	36.12	.23
13. Exceeding eight and not exceeding twenty one-thousandths of 1 inch in thickness, and less than 35 square inches cutting size in dimensions, 34 cents per pound.....	115,098.00	.085	22.25	.16
14. Die cut or embossed, 9 cents per pound.....	327,658.00	.09	31.09	.12
15. Die cut and embossed, 9½ cents per pound.....	50,436.00	.095	27.17	.15
16. Exceeding 35 square inches cutting size in dimensions, 8 cents per pound.....	206,217.15	.08	26.38	.13
17. Die cut or embossed, 8½ cents per pound.....	33,756.00	.085	22.49	.16
18. Die cut and embossed, 9 cents per pound.....	11,572.90	.09	22.60	.17
19. Exceeding twenty one-thousandths of 1 inch in thickness, 6 cents per pound.....	408,597.04	.06	24.73	.10

EXHIBIT A (1).—Decalcomania.

[Tariff act of 1909, Schedule M, paragraph 412.]

	A.	B.	C.	D.
	Value of imports for year ended June 30, 1912.	Per pound rate.	Ad valorem equivalent.	The new rate necessary to equalize foreign and domestic cost.
20. Decalcomanias in ceramic colors, weighing not over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions, 70 cents per pound and 15 per cent ad valorem.....	\$90,863.25	\$0.70 And 15 per cent ad valorem.	Per cent. 40.92	\$1.00 And 15 per cent ad valorem.
21. Weighing over 100 pounds per thousand sheets on the basis of 20 by 30 inches in dimensions, 22 cents per pound and 15 per cent ad valorem.....	42,708.00	\$0.22 And 15 per cent ad valorem.	38.86	\$0.32 And 15 per cent ad valorem.
22. If backed with metal leaf, 65 cents per pound....	27,306.00	\$0.65	63.34	\$0.65
23. All other decalcomanias except toy decalcomanias, 40 cents per pound.....	38,267.00	\$0.40	40.52	\$0.40

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

EXHIBIT A (2).—Post cards and view cards.

[Tariff act of 1909, Schedule M, paragraph 416.]

	A. Value of imports for year ended June 30, 1912.	B. Per pound rate.	C. Ad valorem equiva- lent.	D. The new rate necessary to equalize foreign and domestic cost.
24. Post card souvenir—lithographically printed:				
25. Not exceeding eight one-thousandths inch in thickness (pounds).....	\$377.00	\$0.20	<i>Per cent.</i> 34.85	\$0.25
26. Exceeding eight one-thousandths inch in thick- ness and not exceeding twenty one-thou- sandths inch in thickness cutting sizes di- mensions:				
27. Not exceeding 35 square inches.....	42,871.50	\$0.08½	24.62	\$0.15
28. Die cut or embossed.....	191,134.62	\$0.09	31.42	\$0.12
29. Die cut and embossed.....	28,442.00	\$0.09½	24.06	\$0.17
30. Exceeding 35 square inches.....	46,928.00	\$0.08	28.31	\$0.12
31. Die cut or embossed.....	1,036.00	\$0.08½	23.72	\$0.15
32. Die cut and embossed.....	4,315.00	\$0.09	20.10	\$0.18
33. Exceeding twenty one-thousandths inch in thickness.....	23,077.00	\$0.06	20.06	\$0.13
34. Printed by the photogelatin process.....	26,542.00	\$0.03	29.61	\$0.045
35. Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, by whatever process printed or pro- duced, including those wholly or in part pro- duced by either lithographic or photogelatin process:				
36. Not thinner than eight one-thousandths inch.....	59,293.56	\$0.15 Plus 25 per cent.	70.05	\$0.15 Plus 25 per cent.
37. Thinner than eight one-thousandths inch.....	640.00	\$2.00 M.	17.58	\$2.00 M
38. All other.....	119,803.77 233.00	25 per cent. D. R., sec. 23	25	43 per cent.
39. Views of any landscape, scene, building, place, or locality in the United States (except post cards), on cardboard or paper, by whatever process printed or produced, including those wholly or in part produced by either litho- graphic or photogelatin process, except show cards occupying 35 square inches or less of surface per view, bound or unbound, or in any other form:				
40. Not thinner than eight one-thousandths inch (pounds).....	4,012.00	\$0.15 Plus 25 per cent.	72.27	\$0.15 Plus 25 per cent.
41. Thinner than eight one-thousandths inch (thousands).....	228.00	\$2.00 M.	45.96	\$2.00 M.

EXHIBIT B.—Minimum wage.

	American.	German.
Department:		
Artists.....	\$20.00	\$7.85
Proving and transferring.....	20.00	
Commercial engravers.....	20.00	
Pressmen:		
Nos. 1, 2, and 3 stone presses.....	20.00	(1)
Nos. 3½ and 4½ stone presses.....	22.00	(1)
Nos. 5 and 5½ stone presses.....	25.00	(1)
Rotary 1-color.....	25.00	(1)
Rotary 2-color.....	27.00	(1)
Rotary 3-color.....	30.00	(1)

* Average of all ages and classes, \$8.56.

The foregoing American minimums were originally established by the lithographic unions and subsequently adopted by the National Association of Employing Litho-

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raphers. They are of importance only because the wages paid are never so low as this minimum except in the cases of graduating apprentices. The actual wage paid is far in excess of the minimum established years ago when smaller values attached to everything.

The foregoing German minimums are taken from report of Consul General A. M. Thackara of Berlin to Department of Commerce and labor.

EXHIBIT B (1).—Average wages.

	American.	German.
Department:		
Artists.....	\$31.00	\$9.43
Proving and transferring.....	25.85	8.12
Pressmen:		
Small stone presses.....	1 22.50	(^a)
No. 4½ stone presses.....	1 25.00	(^a)
No. 5 and No. 5½ stone presses.....	1 27.00	(^a)
1-color rotary presses.....	1 27.00	(^a)
2-color rotary presses.....	1 35.00	(^a)
3-color rotary presses.....	1 38.00	(^a)

^a Average, \$29.

^a Average, \$3.24.

The foregoing American averages are from gathered data.

The German averages are from Senate Document No. 68, Part II, Sixty-first Congress, first session, page 83.

WASHINGTON, D. C., January 20, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee.

DEAR SIR: Permit me to call to the attention of your committee some inaccurate statements by Mr. John Macrae, who states that "The importations of lithographs in 1912 amounted to only \$1,658,000." The Government statistics (see pars. 412 and 416), will show, in the Department of Commerce and Labor bulletin, nearly \$1,000,000 more than that.

Mr. Macrae also states: "That in 1908 the imports were \$4,348,000, and that this excluded post cards."

This did not exclude the lithographic post card.

Mr. Macrae also makes the following statement:

"During the past 30 years American manufacturers have not demonstrated the ability or willingness to make these greeting cards, etc., in the small editions required."

Permit us to call your attention to the fact that the ratio of labor is so large and the ratio of materials so small that it is purely a labor question, and the American lithographer was never able to compete, and the foreigner has a monopoly and always has had.

Respectfully,

GEO. R. MEYERCORD,
Chairman Tariff Committee,
National Association of Employing Lithographers.

CHICAGO, February 6, 1913.

MR. DANIEL C. ROPER,
Chief Clerk Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR SIR: Answering your letter of January 29, addressed to me, care of the National Association of Employing Lithographers, at the Washington address, wish to say that same was just forwarded here.

I note your criticisms of the form of supplementary statements submitted. I wish to apologize for inadvertently submitting that form of statement, but if you will kindly accept the explanation I will give, you will possibly pardon the natural error on my part.

In the Senate, in 1909, at the time the various hearings were held, this form of supplementary statements was practically, you might say, invited, and a rather acri-

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monious form of presentation was indulged in, and you can readily conceive the error—how easily one would drop into it.

I again wish to thank you at this time for correcting me in the matter, and I assure you I will be very careful in the future to adhere to the higher standards you have set in this matter.

I beg to remain, yours, very truly,

GEO. R. MEYERCORD,
Chairman Tariff Committee
National Association of Employing Lithographers.

(When the committee gave permission to witnesses to file supplementary statements it was intended that this should be confined to additional data, but not personal and acrimonious references, such as picking out the language and data as submitted by other witnesses. And hence supplemental statements of this character will be received subject to such editing as will relieve them of these objectionable features.)

TESTIMONY OF JOHN MACRAE, VICE PRESIDENT OF E. P. DUTTON & CO.

The witness was duly sworn by the chairman.

Mr. MACRAE. Mr. Chairman and gentlemen of the Ways and Means Committee, I have a little statement in which I had intended to make one or two suggestions in reference to the tariff on lithographic prints and books of paper or other material for children's use, not exceeding in weight 24 ounces each, classified under schedule M, paragraph 412, of the Payne-Aldrich Tariff Act of 1909.

We take it for granted that your committee will not welcome a long argument concerning this question.

The Payne-Aldrich Tariff Act materially increased the rate of duty on many of the items included in the lithographic schedule.

We believe that the following parts of paragraph 412, schedule M, can be materially reduced without any harm whatever accruing to American manufacturers:

Books of paper or other material for children's use, not exceeding in weight twenty-four ounces each, six cents per pound; pictures, calendars, and cards, not exceeding eight one-thousandths of one inch in thickness, twenty cents per pound; exceeding eight and not exceeding twenty one-thousandths of one inch in thickness, and less than thirty-five square inches cutting size in dimensions, eight and one-half cents per pound; exceeding thirty-five square inches cutting size in dimensions, ——— eight cents per pound, and in addition thereto on all of said articles exceeding eight and not exceeding twenty one-thousandths of one inch in thickness, if either die cut or embossed, one-half of one cent per pound; if both die cut and embossed, one cent per pound; exceeding twenty one-thousandths of one inch in thickness, six cents per pound.

In our judgment, the present tariff on many of the lithographic goods is too high and has in effect practically tended toward the exclusion of these goods.

By reference to the statistics as supplied by the Department of Commerce and Labor, Bureau of Statistics, it will be shown that in 1908 there were imported from Germany \$4,348,704 of paper and manufactures of lithographic labels and prints, except post cards (this being the year before the Payne-Aldrich Act). The last available statistics are of 1912. The imports for the year 1912 amounted to only \$1,658,587; or, in other words, from the year just previous to the enactment of the Payne-Aldrich bill to the year 1912 (a period covering four years only), the imports of this class of goods had dwindled about 62 per cent. These figures are monumental and

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

conclusive that the increase of rates of the Payne-Aldrich bill over the Dingley bill were so great as to make this present tariff, in a measure, prohibitive.

To the unprejudiced investigator we are convinced that after careful consideration of the Wilson-Gorman Act, the Dingley Act, and the Payne-Aldrich Act, he will naturally arrive at the conclusion that the present tariff on these lithographic articles is too high.

This particular paragraph during the Wilson-Gorman tariff discussion was closely contested by the American manufacturers, being practically accepted as satisfactory to the American manufacturers before it was finally incorporated into the Wilson-Gorman schedule. The Dingley Tariff Act of 1898 was, in effect, a reincorporation of the Wilson-Gorman rates.

As the avowed purpose of the Dingley Act was to give full protection to American industries, it can be readily seen that in practically adopting the Wilson-Gorman rates, those charged in the drafting and passing of this bill felt assured that the protection given by the Wilson-Gorman law was ample.

In support of our contention that the Payne-Aldrich law on these articles is too high, we can readily show that the American lithographers are constantly able to pirate and reprint articles imported by us and other houses and sell them on the American market at prices equivalent to one-half, or less, than the prices of the imported article.

Most of the imported lithographic articles covered by this paragraph 412 are manufactured in Germany, and the particular reason why these articles are imported arises from the fact that the color work is of a finer quality than can be obtained from the American lithographers; a second and important reason, namely, the editions required by the American public are not sufficiently large to interest the American lithographer.

We feel safe in claiming to be probably the largest importers of children's books printed in color, and it is a fact that these books are constantly pirated and reproduced by American publishers and furnished to the trade at prices materially below our cost.

One of the chief items of import in the lithographic schedule consists of greeting cards, such as Christmas cards, valentine cards, Easter cards, Sunday-school reward texts, and other special celebration cards. The cards so imported are used by people of small means—largely by Sunday-school teachers. During the past 30 years American manufacturers have not demonstrated the ability or willingness to make these greeting cards, etc., in the small editions required.

The great bulk of the value of lithographic prints as covered by this statement are used by millions of Americans, and the present duty is not required for protective reasons. The tariff on these articles is paid by the millions of consumers who have little to spend, and we strongly urge that you materially reduce the rates specially mentioned in this memorial.

We respectfully suggest that a specific form of duty will prove more satisfactory in dealing with lithographic prints than the ad valorem duty.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

I also have some remarks to submit concerning the tariff on books, classified under Schedule M, paragraph 416, of the Payne-Aldrich Tariff Act of 1909.

We are importers of books, and also publishers of books printed in this country.

At the present time the tariff on books is generally 25 per cent ad valorem. Books and pamphlets printed exclusively in languages other than English and books printed more than 20 years are admitted free of duty. Books for the use of the United States and for educational institutions are also admitted free.

In our judgment, the present tariff of 25 per cent ad valorem upon books should be abolished or substantially reduced.

1. Because the tariff is not required to and does not protect the American printer. (a) He is completely protected by the provisions of the copyright law. (b) He is able to make books as cheaply as the English.

2. Because the present tariff is a tax upon education. It is not good policy to levy a tax upon education while we are spending vast sums of money in furnishing education.

We are not alone in our demand that the tariff upon books be reduced. We believe it to be a fact that the vast majority of Americans would welcome the inclusion of books on the free list. The amount of money raised for the revenue of the Government by this duty of 25 per cent ad valorem is pitifully small in proportion to the additional cost as a result of this duty levied on the educators, the students, and the clergy of our country, who as a class are poorly paid and least able to support such a burden.

The tariff is not required to and does not protect the American printer. Protection is now secured fully and automatically by the copyright law.

The copyright law requiring that all copyrighted books be printed from plates made in this country affords the American printer complete protection against English competition in the printing of all new books. It acts as a virtual embargo upon all novels and other popular works for which the sale is large.

The copyright law provides that no book in the English language can be copyrighted in this country unless it be printed from type set within the limits of the United States and from plates made therefrom.

This law compels the printing in this country of all books that we can profitably print. Books which because of a very small demand can not under any circumstances be profitably made here, must either be imported or remain unread by Americans.

We will not in this short statement attempt to give the facts and figures showing why this duty should be either abolished or materially reduced. We hold ourselves prepared, if it should be desirable, to present to the Ways and Means Committee facts and figures which will, in our judgment, show that there is no economic reason for the retention of this duty on books.

In April, 1909, we presented a brief to the Senate Finance Committee on this subject, and as the conditions and facts have not changed from that date to this and remain the same, we hold ourselves

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in readiness to furnish any member of the Ways and Means Committee, or any Member of Congress, a copy of this brief which we submitted in favor of the abolishment or reduction of this tax on books.

The great majority of books imported from England consists of scientific books, books of travel, books of biography, books of history, or books dealing with some peculiar specialty where the American sale is likely to prove entirely too small to defray the cost of publication on this side.

It is a fact that Americans are able to manufacture more cheaply than the English what is termed in the trade as "cheap books." We believe it to be true that most of the machinery used in the manufacture of cheap books is made in America and exported to Europe.

In closing, we can not well overstate the fact that this protection of 25 per cent as levied on books is of little value as a revenue producer to the Government, is a heavy and unjust burden on those who should not be asked to stand it, and its benefits, if there be any, accrue to only a very limited number of publishers and manufacturers as against the interests of literally hundreds of thousands of students and educators and the national pride of millions of Americans who feel that as an enlightened people we should give books free entry into our country.

MR. FORDNEY. Mr. Macrae, you are an importer and not a manufacturer?

MR. MACRAE. Yes, sir; the E. P. Dutton & Co. Paper Co. are both importers and manufacturers.

MR. FORDNEY. Did you say, "and manufacturers?"

MR. MACRAE. Yes, sir; I said "and manufacturers," but I will correct myself and say we are publishers.

MR. FORDNEY. Mr. Macrae, what you want as publishers is to get the raw material at a cheaper price?

MR. MACRAE. Yes, sir; that is it. Business men——

MR. FORDNEY (interposing). By lowering the tariff you believe there would be an increase in your raw material from abroad and thereby give you greater opportunity to get cheaper raw material?

MR. MACRAE. No, sir; I think for the time being there might be a few more books imported. But as I have stated here, and it is a fact, that the kind of books imported are those which appeal to a very small number of people—it may be for a doctor or some specialist in medicine or surgery; or it may be for the clergy, or a specialist in some particular line.

MR. FORDNEY. But it is really raw material that you are deeply interested in?

MR. MACRAE. Well, as to the matter of free books I am more interested as an American citizen than as a publisher. As a publisher I think we should be better off with a little duty from the standpoint of profit.

MR. FORDNEY. And you just want a little protection?

MR. MACRAE. Yes, sir.

MR. FORDNEY. So as to encourage importation?

MR. MACRAE. Yes, sir. We have stood 25 per cent all these years, and we are prepared to stand 25 per cent for the future, if it is to be

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the policy of the Government to exact a duty. But my contention is that the duty is not needed; that the question of labor cost in the matter of books and all lithographic prints is not stated correctly by the witnesses from the American standpoint. They overlook entirely this one and important matter that the cost of lithographs, or the cost of a book, depends upon the size of the edition printed.

Mr. HULL. Depends on what?

Mr. MACRAE. Depends upon the size of the edition printed. The cost of a book or a novel of ordinary size of 400 pages and set by the best typesetters and plate makers would be about \$300. If that cost of \$300 is divided over an edition of 1,000 you can readily see what the cost is, but if it be divided over an edition of 10,000 you can see that a great reduction ensues. When it comes to the question of printing books and the paper, we produce books more cheaply, that is, our issues cost us less actually than they cost the English publisher in London or Edinburgh.

Mr. PALMER. You say it is a matter of small importance to the Government as far as revenue is concerned?

Mr. MACRAE. Yes, sir.

Mr. PALMER. I think the tariff on lithographic prints produced a revenue to the Government of \$460,000, and books \$720,000—

Mr. MACRAE (interposing). I think my brief calls for a reduction of the rate on lithographic prints, and for the abolition or a reduction of the duty on books, and that amount which you refer to covers certain kinds of paper and manufactures of paper charts, and maps, engravings, etc.

Mr. PALMER. It covers maps and charts and books?

Mr. MACRAE. Yes, sir.

Mr. PALMER. What proportion of the total imports of \$2,880,000 is books?

Mr. MACRAE. Well, sir, I have been unable to get at that. I have tried to get that information from the Bureau of Statistics.

Mr. PALMER. You do not know how much revenue we would be giving up by putting books on the free list?

Mr. MACRAE. No, sir; but a comparatively small amount as compared with the total.

Mr. PALMER. \$1,000,000 or \$2,000,000 is a good deal of revenue to the Government on one item.

Mr. MACRAE. Yes, sir. But do you wish to put \$2,000,000 on prints? Do you wish to put an embargo on the advancement of art?

Mr. PALMER. I do not want to argue with you, but wanted to find out what you knew about the amount of revenue we would lose.

Mr. MACRAE. Yes, sir.

The CHAIRMAN. Is that all?

Mr. MACRAE. Yes, sir.

TESTIMONY OF W. A. LIVINGSTONE, MANAGER OF THE DETROIT PUBLISHING CO.

The witness was duly sworn by the chairman.

Mr. LIVINGSTONE. My name is W. A. Livingstone. I wish first, Mr. Chairman, to indorse the brief and also the statements made by Mr. Meyercord earlier in the day.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

The statement was made this afternoon that in the matter of lithographs and also post cards as good quality work was not done in this country as abroad. In view of that statement I desire to pass up to you some post cards made in Detroit, Mich., which are samples of many others, and I challenge any importer or other person to produce cards of better quality than these, and I doubt if those imported into this country at any time will equal them. Not only that, I will send you later general prints whose quality I know is not surpassed by any factory abroad.

The second point I wish to allude to is also a statement made this afternoon to the effect that the imports under the lithographic and post-card schedule were rather negligible. During the last fiscal year the imports in this line equaled, at foreign value, about \$2,500,000, and when you add to that value, the import duties and transport and other expenses connected with delivery here, those imports displace competitive production here of well on to \$5,000,000 of goods at American value.

At the same time it was stated that the duties collected from this source were negligible. The duties collected during the last fiscal year on those articles were \$739,000.

As to the percentage of materials that enter into some of these products, I will give the last year's percentages in the factory I represent in Detroit, divided for four classes of goods which happen to represent the major part of our product that comes within that field. In one class, the materials averaged 12.6 per cent of the total unit shop cost. Another class 26 per cent, another class 15 per cent, and another class 18 per cent. Of the total production (in dollars and cents), the average for that year was 17 per cent, total cost of the materials computed on the shop cost of the article, which of course did not include any selling expense. That was merely shop cost. The balance, 83 per cent, was all labor and overhead.

Another matter alluded to in connection with post cards was present selling prices. The retail price was already covered, but I wish to add that since the present tariff has been in effect there has been a considerable lowering of the wholesale price also. As a matter of fact, variation of import duties in the wholesale price does not affect the retail price, because the whole duty imposed on that particular article does not amount to more than one-fifth of 1 cent per card.

Another statement that was made this afternoon was that the American lithographer would not bother with short editions, and consequently those who wished short editions had to go to the foreign lithographer. Now, that is absurd for the reason that with the exception of the United States the German lithographer has the whole world as a market. The United States lithographer has simply the United States market. He can not go outside on account of the prohibitive differential in wages. There is a very good reason why the German lithographer does take certain short-edition work from the American lithographer. The wage scale here is three times that abroad. A shorter edition means a higher percentage cost of labor on the same class of work. That is to say, on one class of goods manufactured by us, the initial plate cost happens to be 38 per cent on a 6,000 edition. On a 3,000 edition, the cost exceeds 50

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

per cent, and of course as the edition shortens still further, the percentage of labor continues to rise and the ad valorem equivalent falls on the general scale of duties. That is why certain short-editions go abroad instead of staying in this country.

I wish, Mr. Chairman, to ask permission to file a supplemental brief next week, because some figures I wish to secure from the Department of Commerce and Labor I have not here now.

The CHAIRMAN. You can have up to the last of the month to file your brief, and it will be printed in the hearings. The only advantage you get by filing now is that it goes into the hearings along with the paper schedule. If it comes later, it is printed with some other schedule. The committee, of course, will look it up, but after it gets into the House, or if other people are hunting for it, they may not find it. But you will have an opportunity until January 30 to file it if you wish to take that long.

Mr. LIVINGSTONE. Thank you.

BRIEF OF W. A. LIVINGSTONE, MANAGER OF THE DETROIT PUBLISHING CO.

“VIEW” POST CARDS.

[Paragraph 416.]

We respectfully urge that no change be made in the existing duty on “view” post cards and the phraseology relating to same as contained in—

PAR. 416. “Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying thirty-five square inches or less of surface per view, bound or unbound, or in any other form, fifteen cents per pound and twenty-five per centum ad valorem; thinner than eight one-thousandths of one inch, two dollars per thousand.”

SYNOPSIS OF ARGUMENT.

Importation.—The present rate does not stop importation. While the domestic manufacture of this article is known to have decreased during the last 12 months, the percentage of imports to total consumption has increased.

Costs.—The domestic card in average editions of equal quality must be sold at about double the foreign price. Costs have risen in the last two years, and any reduction in volume produced here will increase the cost. Transport to New York is from 5 to 10 per cent of the foreign price.

Necessity for special rate.—Because of the excessively small editions generally used, labor is from 60 to 80 per cent of the total cost. With wages three times those abroad, a much higher differential is required than when editions are large and initial preparation small. Preliminary plates (which are all labor) gross as much for small editions as for very large ones and the result is an abnormally high unit cost.

A compound duty is necessary because of the wide range of cost. A specific rate alone is too high on the low grades and much too low on the high grades.

One rate should apply to all processes because the basic conditions are the same. If one process is protected and another not, it merely means shifting the importation into the lower medium.

The price to the consumer is not affected by the duty.—Retail prices for similar cards have in no case exceeded the prices obtained when there was practically no duty. Further, in most cases they have reduced since this article was separately classed in the present paragraph.

ARGUMENT.

History of trade.—Prior to 1898 the view-card trade did not exist in this country, and this company, which commenced manufacturing then, is probably the oldest maker and distributor of the article in the United States. American firms created the market before foreign cards were imported. When they had made the market large enough for foreign houses to invade the field, importation commenced, with the result that the American manufacture was almost destroyed when the present rate

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went into effect. The heavy importations made before that rate took effect anticipated a large proportion of the consumption for a considerable period thereafter. For the past 18 months there has been a large reduction in the manufacture of view cards in this country due to general trade conditions, but the percentage of imports to total consumption has increased, and the tendency of the trade now existing toward a better quality of article involving higher costs will further increase that importation. The ad valorem equivalent reduces as price increases. We attach samples of German-made cards recently imported.

Costs.—All comparisons of costs are absolutely valueless and misleading unless they compare cases of equal quality, equal editions, and also discriminate between original editions and "reprints." While there are variations, as a rule American made view cards can not be sold for less than double the foreign price in equal edition and quality. Costs vary greatly according to edition and quality, but the proportion for equivalents remains about the same except in the case of abnormally large editions.

This difference in cost is due to (a) a wage scale three times that abroad; (b) higher cost of materials; (c) higher cost of factory equipment and overhead; (d) the close rate at which the foreign maker takes export orders to reduce his unit cost on his home market.

Example: We pay for one class of labor an average of \$24 per week, for which an average of \$8 per week is paid for similar work in Germany. Other grades in like proportion.

Necessity for special rate.—"View cards" are usually made in editions of 1,000, 2,000, 3,000, 6,000, and occasionally 12,000; very rarely over that. Many more subjects are made in 3,000 editions or less than over that. The initial cost of preparation, including plates, designs, etc., is all labor of the highest order of skill. This expense is independent of the edition, and it therefore results that from 60 to 80 per cent of the total cost of the card is labor. Consequently, the differential against the American manufacturer is much higher than on other articles in the same processes whose editions are either normal or large, or in which the initial preparation requires little skill.

A compound duty is necessary.—The article has a range of cost abroad varying from under \$2 per 1,000 to more than 10 times that rate. The same subject varies widely in cost, dependent upon edition and other factors. A specific rate alone would be too high for low grades and much too low for high grades.

One rate should apply to all processes.—Experience in the graphic arts has shown that when the basic conditions of manufacture are the same in all the processes as they are in this instance that variations in the rates merely shift both the manufacture and importation of the article into the less protected medium. Note the change in importation in the so-called autochrom cards when they were reclassified as engraved cards instead of lithographic cards.

The price to the consumer is not affected by the duty.—Convention fixes certain retail prices for the card, independent of the fluctuations of the dealers' rate. When the dealer paid a much higher rate than he does now, he charged no higher retail price. His margin in the card varies from 50 to 90 per cent of the total retail price, and averages 70 per cent. The total duty does not exceed 10 to 20 per cent of the retail, and in many cases less. Independent of that, however, it is a fact that the dealer buys his cards as cheaply as he did when there was practically no duty, and often less.

Wholesale prices.—"View cards," made by lithography, three-color half tone, and photogelatin processes vary in wholesale foreign price from \$1.60 to \$15 per 1,000 cards. The bulk of them cost the dealer from \$2.50 to \$10 per 1,000.

Bromide and solio cards cost him from \$8 to \$30 per 1,000.

Hand-colored cards from \$5 to \$50 per 1,000.

Presswork.—It may be asserted that more economical presswork can be done here than abroad. This is questionable but even if true it has no point in this case, because the press runs are so short as to nullify any advantage derived from such a condition. The preliminary preparation and "make ready," which is so high a percentage of the total, is not affected by press speed.

Measurements (Postal Regulations).—"Post cards" must not exceed 19½ square inches in size and must be approximately the same width and thickness as the Government "postal card." In practice, they are eight to fourteen one-thousandths of an inch in thickness and weigh from 8 to 10 pounds per 1,000.

Necessity for the form of definition.—If the term "post cards" only were used, it is possible to make the cards larger than the specification for private mailing cards, and then trim them down for importation. If the qualification as to printed matter were not included, it would be possible to bind the cards with a stub, putting on top some printed matter in a foreign language, in which case they might come in duty free.

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ADDITIONAL BRIEF.

PAPER TRADE WITH CANADA—PRESENT STATUS OF THE TARIFF UNDER SECTION 2.

FEBRUARY 15, 1913.

So extraordinary and complicated are many of the features of the law under which pulpwood, pulp, and paper are now being brought into the United States from Canadian territory, that many well-informed people—among them some manufacturers of pulp and paper—appear to have more or less misapprehension in regard to the situation.

We are desirous, therefore, of stating as briefly as we can what changes have taken place in the statutes governing these importations within recent years, and what the result is at the present time.

Shortly after the enactment of the McCall bill—otherwise known as the reciprocity measure—in 1911, by the Federal Congress, that portion of the measure designated as "Section 2," relating exclusively to the importation of pulp and paper, was put into immediate effect, without awaiting the action of the Canadian Government. This, it was construed, could be done because section 2 fixed no obligation whatever upon Canada, but consisted entirely of privileges granted by this country; therefore, its ratification by the Canadian Government was deemed unnecessary; the rest of the measure, which would require certain concessions to be made by Canada, being necessarily held in suspension until that Government could either approve or reject it.

Later, it will be remembered, the people of Canada did—at the polls—refuse to ratify the international agreement. We were then left in the position of having that portion of the law which was favorable to Canada effective, while the portion which required Canadian concessions was left, and is yet, inoperative.

Section 2 reads as follows:

"Pulp of wood mechanically ground; pulp of wood, chemical, bleached, or unbleached; news print paper, and other paper, and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is the component material of chief value, colored in the pulp, or not colored, and valued at not more than 4 cents per pound, not including printed or decorated wall paper, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board."

At the time of the passage of this act the exportation of the timber grown on all Canadian lands to which the title was vested in the Government, commonly termed "Crown lands," was absolutely prohibited, excepting that small portion of British Columbia lying east of the Cascade Range. The only pulpwood which could be purchased and brought into the United States by our domestic paper manufacturers was that which might be procured from what is known as "freehold lands," or such lands as the title to which had become vested in individual holders. Certainly not more than 10 per cent of the available timber is grown on the latter class of lands.

The advocates of the reciprocity measure, at the time it was pending before Congress, justified section 2 upon the ground that, in order to get free access to the American market for Canadian paper, manufactured from Crown land wood, it would be necessary, under the provisions of this section to remove the export prohibition, thus enabling the American manufacturer to procure Canadian wood for use in American mills.

It was never contemplated, of course, even by the most ardent advocates of the bill, that any release of export restrictions would be limited to particular tracts of woodland, but it was naturally presumed that release when made at all would certainly extend to all the Crown lands included at least in one of the Canadian provinces.

To the amazement of all Americans, announcement was sometime ago made that the export restrictions had been removed from that particular timber, located in British Columbia, the rights to which had been granted to the Powell River Co.

Later, in the early part of January of this year, the provincial council of Quebec announced that it had likewise removed the export restrictions upon the pulpwood grown upon Crown lands in that province, which had been formerly ceded to four certain companies manufacturing paper, whose mills were located in Quebec, viz, Laurentide, Belgo-Canadian, Wayagamack and Price Bros., with an aggregate producing capacity of about 500 tons daily.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

It was not long after this action on the part of the government of the Province of Quebec until other paper producers in that Province made demand that the timber rights which they had likewise procured from Crown lands should also be released from export restrictions, inasmuch, they claimed, as it was an unfair discrimination to grant the privilege to some and withhold it from others.

Following which complaint another order has been more recently made to the effect that any concern manufacturing paper in the Province of Quebec can have the export restrictions removed from the particular wood to which it has acquired the right and may manufacture into paper.

The manifest and avowed purpose of these releases is to enable the Canadian manufacturer to send his product into the United States free from the payment of any duty, contending that the provision of section 2 entitles them to such free access, inasmuch as the export restriction no longer exists on the wood used in the manufacture of that paper.

It must not be forgotten, however, that this release has in all cases been made upon the distinct provision that the wood so released must be manufactured in Canada, not only into pulp but into paper, and not a single stick of it is by this method made available to the American manufacturer who might desire to purchase Canadian wood for American operation.

The Canadian officials do not hesitate to announce it as their distinct purpose in this manner to compel every process of paper manufacture to be accomplished in Canada and at the same time to prevent the export of their raw material into this country, which attitude directly contravenes the spirit and intent of the American statute, the plain intention being to nullify or at least to evade our law and to give us absolutely nothing in return.

If the Canadian contention were to prevail, the effect would be to allow all Canadian paper not exceeding 4 cents per pound valuation at point of manufacture to come into the United States free of duty, while at the same time the American manufacturer would not be permitted to purchase any pulp wood grown on Crown lands; nor is he under the present law permitted to send a pound of paper into the Dominion without paying a tariff thereon.

Fortunately the Treasury Department at Washington did not acquiesce in the Canadian construction of our law, excepting so far as the operations of the Powell River Co. are concerned. Instructions were given to the collectors of customs to continue the assessment of duties on pulp and paper made in Canada from Crown lands released in the manner described above, and within the last few days that ruling has been approved by the President.

It is hardly conceivable that our American authorities could stand for any such construction of section 2 as is being put upon it by Canadian officials. But such indeed is the invitation to constant international misunderstanding and confusion there appears to be but one reasonable and practicable way to avoid it, viz, to get rid of section 2, which at best has not an element of reciprocity in it, but is altogether favorable to the Canadian manufacturer and greatly to the disadvantage of the American paper industry.

The apparent eagerness of the Canadian Government to gain free access to the American market for their paper and at the same time to insist upon maintaining their policy of export prohibition on the pulp wood grown on Crown lands and the astounding readiness of some of our own people to yield to these unreasonable demands suggest the appropriateness of reasserting at this time the doctrine laid down many years ago by Mr. Jefferson when he said:

"Should any nation, contrary to our wishes, suppose it may better find its advantages by continuing its system of prohibition, duties, and regulations, it behooves us to protect our citizens, their commerce and navigation, by counter prohibitions, duties, and regulations also. Free commerce and navigation are not to be given in exchange for restrictions and vexations; nor are they likely to produce a relaxation of them."

WHAT SECTION 2 HAS DONE FOR CANADA.

The contention of the American paper producers made at the time that section 2 was being considered that the adoption of such measure would necessarily stimulate the growth of the industry in Canada and depress it correspondingly in this country was evidently not taken seriously. That the prediction was not ill advised is more than demonstrated by what has already come to pass.

We give below a summary of companies which have been organized for the purpose of manufacturing pulp and paper in Canada since the serious agitation concerning section 2 began about three years ago.

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Some of these have already become producers and many of them have their developments well under way. An examination of the list, which gives the names of the concerns, their locations, and capitalization, will not only interest but startle those who have direct or indirect interest in preserving American enterprise.

Name of company.	Located at—	Capitalization.
Abitibi Pulp & Paper Mills (Ltd.).....	Iroquois Falls, Ontario.....	\$3,000,000
The Beaver Co.....	Beaverdale, Ontario.....	500,000
British & Colonial Land & Securities Co.....	Toronto, Ontario.....	1,000,000
The Canada Lumber & Land Co.....	do.....	250,000
The Canadian Fiber & Wood Manufacturing Co.....	do.....	40,000
Empire Paper Products Co. (Ltd.).....	Sombra, Ontario.....	40,000
Fort Frances Pulp & Paper Co.....	Fort Frances, Ontario.....	50,000
Inter-Lake Tissue Mills (Ltd.).....	Thorold, Ontario.....	250,000
National Bag & Paper Co.....	Ottawa, Ontario.....	250,000
Ontario Paper Co. (Ltd.).....	Thorold, Ontario.....	1,000,000
Pulp Products Co.....	Campbellford, Ontario.....	400,000
The Quince Development Co. (Ltd.).....	Cobalt, Ontario.....	50,000
Standard Chemical Iron & Lumber Co. of Canada (Ltd.).....	Toronto, Ontario.....	6,000,000
Suburban Construction Co. (Ltd.).....	do.....	100,000
		12,930,000
Bell's Galleries (Ltd.).....	Montreal, Quebec.....	400,000
British Canadian Paper Mills (Ltd.).....	do.....	500,000
Canada Paper & Pulp Co.....	Ha Ha Bay, Chicoutimi County, Quebec.....	10,000,000
Constructed Works (Ltd.).....	Montreal, Quebec.....	500,000
Forest Reserve Pulp & Paper Co.....	Quebec.....	1,000,000
B. Grier (Ltd.).....	Montreal, Quebec.....	1,000,000
The Manouan Power & Pulp Co.....	do.....	90,000
The National Paper Co.....	Valleyfield, Quebec.....	100,000
Bayless Pulp & Paper Co.....	Beaupre, Quebec.....	2,000,000
Quebec Pulp & Paper Co.....	Quebec.....	15,000,000
Richelieu Co. (Ltd.).....	Montreal, Quebec.....	250,000
Robervale Paper Co. (Ltd.).....	Robervale, Quebec.....	3,000,000
S. Shore Power & Paper Co.....	Montreal, Quebec.....	2,000,000
E. Villeneuve & Co. (Ltd.).....	do.....	200,000
Canadian Pulp & Paper Co.....	Quebec.....	15,000,000
The Wanukasha Pulp Co.....	Montreal, Quebec.....	200,000
Wayagamack Paper Co.....	Baptist Island, Quebec.....	5,000,000
Lake St. John Paper Co.....	Lake St. John Region, Quebec.....	10,000,000
McLaren Lumber Co. (Ltd.).....	Buckingham, Quebec.....	1,250,000
St. Lawrence Pulp & Paper Co.....	Quebec.....	4,000,000
		71,390,000
Columbia Paper Co. (Ltd.).....	Vancouver, British Columbia.....	75,000
Crown Timber & Trading Co.....	do.....	50,000
Dominion Development Syndicate (Ltd.).....	do.....	500,000
Dominion Mills Co.....	Revelstoke, British Columbia.....	4,750,000
Fort George Timber & Transportation Co.....	Vancouver, British Columbia.....	200,000
Island Lumber Co. (Ltd.).....	do.....	100,000
Realty Fruit & Land Co. (Ltd.).....	do.....	500,000
Wolverine Lumber Co. (Ltd.).....	do.....	75,000
C. B. Pride.....	Near Nelson British Columbia.....	300,000
		6,550,000
Consolidated Pulp & Paper Co. (Ltd.).....	Union Point, New Brunswick.....	5,000,000
Richards Manufacturing Co.....	Campbelltown, New Brunswick.....	300,000
St. George Pulp & Paper Co.....	St. George, New Brunswick.....	460,000
Edmunston Pulp & Paper Co.....	Edmundston, New Brunswick.....	250,000
Grand Falls Co.....	Grand Falls, New Brunswick.....	5,000,000
		11,010,000
Internations Contracting Co. (Ltd.).....	Winnipeg, Manitoba.....	50,000,000
Northern Coal & Coke Co. (Ltd.).....	do.....	1,000,000
J. F. Welwoods & Co. (Ltd.).....	Elmwood, Manitoba.....	300,000
		51,300,000
Grand total.....		152,180,000

In addition to the foregoing, certain other concerns are projected which have not yet perfected their organizations. The list follows: The New Foundland Co. (Ltd.), Bay Islands, Newfoundland; Bathurst Lumber Co., Bathurst, New Brunswick; The

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

Edw. Partington Pulp & Paper Co., St. John, New Brunswick; Gloucester Paper & Pulp Co., Bathurst, New Brunswick; Edw. Partington Pulp & Paper Co., Fredericton, New Brunswick; Victoria Pulp Co., Victoria, New Brunswick; British Canadian Lumber Corporation, Prince Rupert, British Columbia; British Columbia Sulphite Fiber Co., Mill Creek, Howe Sound, British Columbia; Koksilah Lumber Co. (Ltd.), Koksilah, Vancouver, British Columbia; Oriental Paper & Pulp Co., Bella Coola, British Columbia; The Western Box & Shingle Mills Co., Nelson, British Columbia; Graham Paper Mill, Graham Island, British Columbia; Lake Winnipeg Pulp Co., Nelson River, British Columbia; Nelson Box & Shingle Box Co., Nelson, British Columbia; Clyde River Paper & Pulp Co. (Ltd.), Clyde River, Nova Scotia; Elliott Manufacturing Co., Toronto, Ontario; The Recorder Pulp & Paper Co., Calumet, Ontario; Ritchie & Ramsey, New Toronto, Ontario; Cameron Falls Establishment, Cameron Falls, Nepigon, Ontario; Washago Pulp Co., Washago, Ontario; Welland Paper Co., Welland, Ontario; Hamilton Inlet Pulp Co., Hamilton Inlet, Labrador.

Nor must it be forgotten that a number of the old companies, which were in operation before this reciprocity movement was started, have materially increased their capacity.

Surely no unbiased person can contemplate conditions in Canada and in the United States without being obliged to admit that as far as the paper industry is concerned our recent legislation has been wholly in the interest of the Dominion.

**BRIEF OF THE FORBES LITHOGRAPH MANUFACTURING CO.,
BOSTON, MASS.**

BOSTON, MASS., *January 15, 1913.*

HON. OSCAR W. UNDERWOOD,

Ways and Means Committee, Washington, D. C.

DEAR SIR: The Forbes Lithograph Manufacturing Co., Boston, lithographers established at the point, respectfully present the following recommendation as an amendment to the schedule proposed on lithographic material, Schedule M, paragraphs 412-416, and we indorse the brief of the National Association of Employing Lithographers, which has been filed by the committee of that organization, George R. Meyercord, chairman, Horace Reed, and Robert M. Donaldson, and we indorse their recommendations for the following reasons:

They have given the ratio of wages in Germany as one-third of the wages paid here, although as a matter of fact the wages average more nearly one-quarter (1 mark to \$1), as shown by the reports on file in the Department of Commerce and Labor. Also, in Europe it is customary to employ female help where in the same class of work in the United States male help is used exclusively. This is shown by the page attached hereto from the British Printer of December, 1912-January, 1913,¹ showing girls employed as feeders on printing presses, where in this country the work is done practically entirely by men.

Not only has the German manufacturer an advantage over the manufacturer in the United States by the great difference in the cost of labor, but he has a practically unlimited supply of labor, because the German Government supplies manufacturing towns with excellent schools of art—Bavaria has one in Munich and one in Nurnberg. Professors of art being paid by the State and the fees of the students being almost nominal, it is a constant and systematic effort on the part of the State to train the young men for the business, and the advantages of apprenticeship are marked.

There is also a very wide difference in the cost of a lithographic plant in this country and abroad, as shown by the rates of wages paid as per Daily Consular and Trade Reports of November 23, 1912, giving the rate of wages of—

German bricklayers	_____	\$1. 07—\$1. 19
German carpenters	_____	. 83— . 95
German plumbers	_____	1. 00— 1. 20

The wages, as stated in that report, cover a working day of 10 hours. In this country similar lines of business work 8 hours and average at least four times, and, in many cases, five times, what they are paid in Germany. Therefore the American manufacturer has not only to contend with the higher rate

¹ Not printed.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

of wages paid in his own individual industry but the cost of his plant is increased correspondingly by the difference in wages and cost of material which he pays for his plant and machinery.

Ordinarily speaking, the rates of wages in the industries entering into the equipment of the plant are 4 to 1, and the same holds practically true of the wages paid inside the plant, although taking the most favorable basis—that is, the rate of wages supplied by the German Government to the United States Government—they are about 3 to 1.

In the lithographic industry the wages amount to about 45 cents on the dollar, while abroad they are but practically one-quarter of this. Therefore it is necessary to have a duty equaling the difference in wages abroad and those paid in this country to enable the American lithographer to hold his own in the lithographic trade.

In lithography it is largely a question of labor, and unless labor shall be protected it will be absolutely impossible to maintain the same hours and same rate of wages that now prevail as against European labor. Even now there have been estimates made by lithographers in Japan for supplying certain labels in this country, and in Japan the wages would be approximately about one-half those in Germany.

The United States is the only market the American lithographer has, because the high tariff prevailing on goods entering Canada, Mexico, and the South American countries, also Australia, serves to keep out the American goods, as shown by the fact that the exports for the year ending 1910 amounted to about \$18,000; year ending 1911, about \$11,500.

We therefore earnestly request, both in behalf of ourselves and the laboring men and women in our employ, that the recommendations of the committee of the National Association of Employing Lithographers (as per copy attached hereto) be granted.

Respectfully submitted.

THE FORBES LITHOGRAPH MFG. CO.
W. S. FORBES, *Assistant Treasurer.*

REPRESENTATIONS OF WOLF & CO., OF PHILADELPHIA, RELATIVE TO THE AMENDMENT OF PARAGRAPHS 412 AND 411 OF THE TARIFF ACT OF 1909.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.:

We are one of the largest concerns of this country who produce, deal in, and import lithographic and other prints; also we export largely lithographs and prints of our production and printed articles of foreign manufacture, imported in an incomplete condition and manufactured into articles for export.

We appear so as to obtain relief from the high rates of duty imposed on articles covered by paragraphs 412 and 411 of the present act.

We ask that the rates of duty on lithographs be fixed not higher than paragraph 400 of the act of July 24, 1897, and that the duty on printed matter be fixed not higher than the rates given in paragraph 403 of the same act, and that the duty on coated papers and manufactures thereof shall not be higher than as provided by paragraph 398 of said act.

The Payne bill caused an enormous increase in the duty on lithographs, particularly on prints measuring less than 35 square inches, such as postal cards, valentines, relief pictures, etc., causing the rate of duty to be raised from the Dingley rate of 5 cents per pound to $8\frac{1}{2}$ cents on plain surface cards, 9 cents on same when die cut or embossed, and $9\frac{1}{2}$ cents when both die cut and embossed, making an increase running to 95 per cent on the highest. Such changes in rate caused importations to fall almost half, showing that the goods could not be imported at this increased rate of duty, which is shown by statistics written at foot of this brief.

It can also be proved that the lowest price of post cards which are imported into this country, of such goods that compare favorably with the American market and which are sold at \$1.70 per 1,000, are M. 8 per 1,000; adding

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

thereto the weight of 10 pounds per 1,000, you may readily see that the importer is unable to compete with the American market. In fact, were you to eliminate the entire duty it would still be impossible for the European manufacturer to compete with this country, which is due to the fact that whilst there is a difference in the rate of wages, yet the facility and ingenuity of the domestic manufacturer is so far greater that the output on an American machine is just about double the quantity that the European manufacturer can furnish. By comparing the specific rate to the ad valorem rate, it will perhaps show 20 per cent to 32 per cent on this particular class of goods, whereas the real ad valorem percentage is perhaps from 45 per cent to 55 per cent, brought about by the fact that there are a great many high-priced post cards and goods under 35 square inches which are imported to this country for educational and religious purposes, which are not competitive, as they are not made in this country, and which, of course, brings down the rate of duty.

We do not think that the domestic manufacturer has been benefited by this increase in duty since the Payne-Aldrich bill has been enacted, as there have been more failures in the post-card line, due to overproduction, than there was before the bill was enacted.

We are perfectly satisfied with the rate of the Dingley bill, and it should prove satisfactory to both interests.

Under the item of surface-coated papers we were told by one of the representatives of the domestic lithographic industry that we would find a "joker" in the bill which would be a surprise, and it really was, for in the former bills printed matter was classified under ad valorem duty of 25 per cent, whereas under the new bill that part was taken out altogether and anything that was printed on surface-coated papers came under the rate of 5 cents per pound and 30 per cent ad valorem.

We would suggest that printed matter, which should include either printed on surface-coated paper or cardboard, embossed or printed, whether by process printing or otherwise, should also be put on specific rate of duty and to be classified by the weight, precisely the same as the lithographic schedule. This, to our mind, would prevent undervaluation and would be fair and equitable to all concerned.

Importation of lithographic prints.

For year ending June 30—	From Germany.	From all countries, including Germany.
1907.....	\$3,497,795	\$3,968,542
1908.....	4,318,704	4,911,102
1909.....	3,851,521	4,450,083
1910.....	2,315,962	2,773,131
1911.....	2,189,838	2,607,683

Cigar labels imported:

1907	\$334,891
1911	165,818

Lithographic prints imported, 1907:

Duty at 5 cents per pound.....	2,802,997
Duty at 8 cents per pound.....	554,887
Duty at 6 cents per pound.....	639,928

Lithographic prints imported, 1911:

Duty at 9 cents per pound.....	521,594
Duty at 8 cents per pound.....	292,557
Duty at 8½ cents per pound.....	276,148
Duty at 6 cents per pound.....	462,232

Present tariff took effect August 5, 1909.

WOLF & Co.,
By EDWARD WOLF.

PARAGRAPH 412—LITHOGRAPHIC PRINTS.

BRIEF OF MANZI, JOYANT & CO., NEW YORK, N. Y.

Par. 411.

REPRODUCTIONS OF THE FINE ARTS.

NEW YORK, N. Y., *January 18, 1913.*

The WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.:

We respectfully call attention to a most unjust condition which has arisen under the present tariff act in the present reading of paragraph 411 of Schedule M in the following clause: "Bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers not specially provided for in this section, and all boxes of paper or wood covered with any of the foregoing paper, five cents a pound and thirty per centum ad valorem."

It is to be noted that prior to the tariff act of 1909 all printed reproductions of the fine arts, excepting lithographic, were assessed at 25 per cent ad valorem, and that in the act of 1909 no apparent change was made in that rate of duty. After the passage of said act, however, the portion of paragraph 411 quoted above was construed to cover such printed reproductions, with the result that the rate of duty has been raised from 25 to 30 per cent and 5 cents per pound added.

We submit that paragraph 411 was obviously intended to apply to commercial printing, such as may enter into competition with American labor and ought not to be construed to cover reproductions of the fine arts.

That the originals of such reproductions of the fine arts as are imported are almost invariably located abroad, frequently in public museums, and can not be brought to this country to be reproduced; that reproductions of the same to be artistically successful must be made in the place where is the original; and that, therefore, such reproductions seldom enter into competition with work produced in the United States.

That reproductions of the fine arts being taxed rather to secure revenue than to protect American labor should all be permitted to enter the United States under a uniform rate of duty, irrespective of the kind of paper they may be printed upon.

That reproductions of the fine arts are frequently of great educational and moral value, and their importation should not be made difficult by excessive import duties.

That the purchasers of such engravings and other reproductions are generally unable to afford the purchase of original paintings in oil or water color, and such reproductions should not be assessed more heavily than are paintings destined for the wealthy.

That to correct the manifest error which has arisen it is desirable in paragraph 416, after the words "engravings, photographs, etchings," there be inserted "and all other reproductions of the fine arts."

MANZI, JOYANT & Co.,
Art Publishers.

By Francis E. Hamilton, counsel, 32 Broadway, New York City; temporary address in Washington, Hotel New Willard.

PETITION OF EMPLOYEES OF FORBES LITHOGRAPH MANUFACTURING CO., BOSTON, MASS.

BOSTON, MASS., *January 16, 1913.*

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The undersigned, employees of the Forbes Lithograph Manufacturing Co., Boston; Mass., respectfully petition that in revising Schedule M, paragraphs 412-416, which relate to lithographic matter, no reduction be made in the prevailing rate, but, on the contrary, an increase be made on such items as is necessary to at least equal the difference between the rate of wages paid in this country and abroad. We know from those of our fellow workers who have been employed in England and Germany, as well as from our trade bulletins, that the rate of wages is very much less, practically but one-quarter of what it is in this country; also that the hours of labor in this country are eight as against nine in Germany, in all departments but one (lithograph artists). Knowing as we do that in this business the labor cost is a very large portion of the total expense, we feel that we are entitled to ask your committee to protect us against the lower labor of Germany, in order that we may continue to maintain ourselves and families according to the American standard of living.

WILLIAM J. DRISCOLL
(And 460 others).

**PARAGRAPH 412—CIGAR LABELS AND BANDS.
TELEGRAM CONCERNING LITHOGRAPHIC PRODUCTS.**

SAN FRANCISCO, CAL., *January 17, 1918.*

HON. JULIUS KAHN;
Washington, D. C.:

We enter strong protest against any restrictions of present tariff on lithographic products. Japanese and other foreign competitors paying wages much below American scale would ruin our industry.

SCHMIDT LITHOGRAPH CO.

Concurred in by Lithographers' Board of Trade.

CIGAR LABELS AND BANDS.

BRIEF OF LOUIS C. WAGNER & CO., NEW YORK, N. Y.

NEW YORK, *January 14, 1918.*

THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

SIRS: We refer to hearings before your committee on January 17 in relation to duties on labels, flaps, and cigar bands, Schedule M, paragraph 412.

To avoid taking up your valuable time presenting oral testimony, we beg to make our appeal for lower duties in writing.

At the outset we wish to make it very plain that we do not ask for lower duties to enable us to compete with domestic manufacture. That is not possible even though the duties were only nominal.

While the rates on cigar labels in the Payne-Aldrich bill were not increased above those of the tariff act of 1897, those on cigar bands were made much greater. The increase being 50 per cent on one class, 33½ per cent on another, and 10 per cent on the third.

During the hearings of the last tariff we submitted a brief, dated November 21, 1908, embodying much material, and as conditions have become worse under this tariff we beg to refer to this brief again without repeating the various items therein. In addition thereto we submit herewith only one set of labels and one design band. The set of labels marked "A," consisting of four pieces, illustrates the disadvantages we labor under on account of present high duties. They were originally produced in Germany but are now being copied and printed in New York.

For comparison we beg to submit the following table of original cost in Germany, also for reprints, as well as the selling prices for domestic work, viz:

[Cost per set of 1,000.]

	Cost.	Duty at 30 cents per pound.	Ad valo- rum equiv- alent.	Total cost.
Original.....	\$21. 42	\$9. 90	<i>Per cent.</i> 46	\$31. 32
Reprints.....	16. 42	9. 90	60	26. 32

These same labels are now being copied from the foreign by the American Lithographic Co., New York, and sold by them with producers' profit added at approximately \$20 for a first order, and consumer claims that he has been offered reprints at less than \$19. These prices are based upon same quantities in both cases. Samples of American copies we can not submit as goods are still in process of printing, the proofs have been shown which, the consumer claims, equal the foreign work in every respect. We could, from our own experience, cite many other similar instances showing practically the same result, so take it, that the set herewith will suffice.

Cigar bands, copy "B," for instance, was made abroad in metal leaf, but, owing to high cost, consumer was compelled to change to a cheaper band with bronze printing, as copy "C," which is also made by the American Lithographic Co. and sold by them,

PARAGRAPH 412—CIGAR LABELS AND BANDS.

plus their profit, at 26½ cents per 1,000. The same character of work, if made in Germany, would cost thus:

Cost in Germany, per 1,000.....	\$0. 23 ¹ / ₁₀
Duty at 30 cents per pound.....	\$0. 09
Ad valorem equivalent.....	per cent.. 38
Total cost to land, including freight, etc.....	\$0. 33½

The American Lithograph Co. is the largest institution in the United States, has the reputation of producing the best character of work, equal to imported, and what is more, gets the highest prices for their productions.

It is not only this concern alone that copies foreign designs, there are other domestic firms doing likewise, at prices far below those of the American Lithographic Co., so that, in making the foregoing comparisons, the difference between the foreign cost and domestic work is really greater and so much more against us.

We beg to impress upon your committee the positive fact that for the past 10 or more years there was no possibility of any domestic cigar labels being or having been copied abroad.

Admitting that the labor abroad is lower than here we affirm that through improved machinery and more capable workmen (the Americans running from 7,000 to 7,500 sheets per day, while the Germans average only 3,000 to 3,500 at the outside) the identical articles can be and are produced here at practically the same prices as in Germany.

On the other hand, original foreign designs are repeatedly reproduced in the United States because of the above advantages possessed by American manufacturers. This is most unfair to the importers, we are deprived of orders for reprints rightfully belonging to us on account of the invention and expense in the production of original designs and the Government is thereby deprived of the duties.

We might also mention that the American Lithographic Co. has an agent in London, a Mr. Caton. In Holland, the firm of A. J. Koning & Co., located in Dordrecht, and other European countries, selling their goods in competition with factories abroad. Could this be possible if the cost of production here were higher, to any extent, than abroad?

With the permission of your committee we beg to make the following suggestions for reduced rates on labels, flaps, and cigar bands, paragraph 412.

Printed in less than eight colors (bronze printing counted as two colors) but not printed wholly or partly in metal leaf, 10 cents per pound; the same, in eight or more colors, 15 cents per pound; printed in not more than five colors and metal leaf, 25 cents per pound; the same, in more than five colors and metal leaf, 30 cents per pound.

The division of metal-leaf printing into two classes we suggest because the present duty on an article in one color and metal leaf is exactly as high as though printed in twelve colors and metal leaf, which is clearly an injustice.

In setting forth the foregoing we mention nothing that we can not substantiate, and we have endeavored to treat this matter in all fairness. The rates we respectfully suggest are equitable; in fact, the American lithographers need no duty at all for protection, and if the above schedule is enacted into law we confidently predict a substantial increase in revenue on this particular part of paragraph 412 within the next year.

Respectfully,

LOUIS C. WAGNER & Co.

P. S. The statistics of imports during the Payne law, of which we have just received copies, do not show the decrease in the imports of cigar labels and bands for this reason. Under the Dingley bill small labels, such as perfumery, etc., came in as lithographic prints, while now they are listed as labels less than 10 square inches and pay the respective band rates. Wine, liquor, and in fact all other lithographed labels, also listed as lithographic prints under the Dingley bill, are now brought in under labels. These additional items to our schedule make it impossible for us to show the actual decrease in imports of cigar labels, flaps, and bands only.

BRIEFS OF MÖLLER KÖKERITZ & CO., NEW YORK, N. Y.**SUMMARY OF BRIEF ON CIGAR LABELS, FLAPS, AND BANDS.**

Our propositions are:

German workmen produce one to American workmen's four.

American manufacturer can produce a given quantity of labels and bands more cheaply than foreigner, despite much higher American wages; this absolutely

PARAGRAPH 412—CIGAR LABELS AND BANDS.

proved by actual, detailed figures taken from American and from German manufacturers' books.

Further proof of this, American goods freely offered to consumer at much lower prices than foreign—proved by examples and sworn statements of the universal experience of cigar manufacturers. No denial has been made of this fact by the American manufacturers.

Dingley rates almost prohibitive; total importations 1906 only \$206,949.10 (American selling value \$339,062); total consumption of labels and bands, based on official figures of Internal Revenue Department for 1906 as to number of cigars and cigar boxes used, \$3,121,324. Importations, therefore, less than 10.87 per cent of total American consumption.

Rates should be lowered on labels even if left at the Dingley rates on bands.

On the following pages is a copy of an amended brief substantially as submitted by us to the Senate Finance Committee, with such of the exhibits attached as are capable of being printed.

The Senate bill shows reductions from the Payne bill, but by changes of classification and of the method of counting bronze printing, as well as by raising the figures, shows the following increases over the existing law:

	Dingley bill.	Senate bill.	Per cent of increase over Dingley bill.
	<i>Cents.</i>	<i>Cents.</i>	<i>Per cent.</i>
Labels less than 8 colors.....	20	25	25
Bands less than 8 colors.....	20	30	50
Labels 5 colors and bronze.....	20	30	50
Bands 5 colors and bronze.....	20	35	75
Labels 8 colors and more.....	30	30	.....
Bands 8 colors and more.....	30	35	16½
Labels, metal leaf.....	50	50	.....
Bands, metal leaf.....	50	55	10
Labels all bronze.....	15	25	66½
Bands, all bronze.....	15	30	100

These increases are in spite of undisputed evidence that German labels and bands cost more than American labels and bands and that the American manufacturers now offer their product to the trade at prices very much less than the foreign product can be sold in this country. The evidence furnished has not been particular samples only, but sworn statements of large American cigar manufacturers as to the prices which they pay for all cigar labels and bands used by them. Read on this point the affidavits of Messrs. Rodriguez and Kaufmann, at pages 25 and 27 of the brief, and also the additional affidavit of Mr. Garcia, at page 34.

We can not believe that this fact was realized by the members of the committee.

The domestic manufacturer supplies under the Dingley law at least 89 per cent of the total amount of cigar labels and bands used, as shown by the official figures.

Percentage of imports to total consumption year ending June 30, 1906.

IMPORTS.

Official figures of total imports (for details see p. 19 of following brief).....	\$206, 949. 10
Official figures duty paid.....	64, 301. 00
	271, 250. 00
Importers' expenses and profit (figured at 25 per cent, which is a very large figure).....	67, 812. 00
American selling value.....	339, 062. 00

This is less than 10.87 per cent of \$3,121,324.43, the total consumption.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

DOMESTIC CONSUMPTION.

Total cigars manufactured	¹ 8, 137, 299, 565
At least 75 per cent of cigars are banded	6, 102, 969, 784
American lithographers' own statement of average cost to cigar manufacturer of cigar bands is 3 cents per 100 (see Ways and Means Tariff Hearings, p. 6309).	
Total cost to cigar manufacturers of bands used	\$1, 830, 890. 93
Total number of internal-revenue stamps for cigar boxes, showing number of cigar boxes	¹ 129, 043, 350
American lithographers' own estimate of average cost of labels, flaps, and trimmings on each box, 2 cents (see Ways and Means Tariff Hearings, p. 6309), giving total cost to manufacturers	
	<u>\$2, 580, 867. 00</u>
Labels are used for practically every cigar box, but to allow for unlabeled boxes and also to be on the safe side as to the prices of labels estimate one-half of the above figure	
	\$1, 290, 433. 50
Add the cost of cigar bands as above	<u>\$1, 830, 890. 93</u>
Total American consumption	\$3, 121, 324. 43

With this unimpeachable showing of the almost complete monopoly of the American market by the domestic manufacturer we submit that there is no ground whatever for increasing his protection, but that on the contrary, as respects the labels at least, the existing rates should be reduced.

But even accepting the rate of increase which has been fixed in the Senate bill, the principle of that increase should cause the rate on labels to be reduced.

The committee realized that there is a difference in the ad valorem effect on the bands and labels and this accounts for the difference in the rates imposed upon bands and labels, the bands being higher. This difference, however, has not been accurately computed.

The only official figures as to ad valorem equivalents are based on the importations under the Dingley law which makes no separation of bands and labels, but lumps them both together. Therefore, since about 90 per cent of these importations were bands, it is obvious that the official figures are virtually figures as to bands alone.

Now, the ad valorem equivalent, on the basis of which the Senate bill has been drawn, seems to be 35 per cent. Under the existing law labels of less than eight colors have borne a duty showing an ad valorem equivalent of not less than 46 per cent and labels of eight colors and more 73 per cent, although small editions in particular cases have reduced this ad valorem to 57½ per cent. These figures are from our actual importations and their fairness is verified by the figures given by other importers. (See Tariff Hearings, Ways and Means Committee, p. 7038.) It follows that in order to impose a tax of 35 per cent ad valorem the specific duty on labels should be reduced as shown in the following table:

	Dingley bill.		Even 35 per cent.	
	Specific duty.	Ad valorem equivalent.	Specific duty.	Ad valorem equivalent.
	Cents.	Per cent.	Cents.	Per cent.
Labels in less than 8 colors	20	46	15½	35
Labels, 8 colors and more	30	57½	18½	35
Labels in gold leaf	50	48½	36	35

On the above basis we submit that if the Senate wishes to increase the duty on bands, it should lower the rate on labels. If it wishes to give more protection to the American manufacturer, that will be done equally well with a lower rate on labels as by the rates proposed.

¹ Official figures from annual reports of the Commissioner of Internal Revenue.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

In the Dingley law bronze counts as two colors. The Senate bill retains the provision of the Payne bill by which bronze is to count as three colors. In the following brief we show that there is no justification in either cost or method of production for this new method of counting. Whatever may apply to bronze printing in other branches of the lithographic trade, we submit that no American manufacturer of labels and bands can be found who actually figures bronze as costing him, including the bronze, at more than two colors. The provision is a device, or "joker," suggested to the Payne committee and to the Aldrich committee for the purpose of increasing the existing rate on bands and labels of five colors and bronze 50 per cent to 75 per cent without appearing to do so.

It is unjustified on any theory, is unfair, and should be changed in the law, whatever other action the Senate may take.

AMENDMENT BRIEF OR STATEMENT CONCERNING THE TARIFF ON CIGAR LABELS,
FLAPS, AND BANDS.

To the Committee on Finance of the Senate:

This brief deals only with cigar labels, flaps, and bands.

It is filed in the hope of preventing a great injustice which is about to be done to the independent domestic manufacturer and to the American importer by imposing a tariff so high as to amount to an absolute embargo on the present importations, destroying all competition, insuring an eventual monopoly to the largest American manufacturer, commonly referred to as the Lithographic Trust, and depriving the Government of the existing revenue that is now paid on these articles.

The proposal of the prohibitive rates of the Payne tariff bill has been made possible by the fact that the Ways and Means Committee of the House of Representatives has been misinformed as to the facts—adequate presentation having been made only by one side (the National Association of Employing Lithographers) before the committee.

It is the aim of this brief to present new facts to this committee, and to present them fairly and as tersely as possible.

Here are the exact provisions of the existing tariff law and of the Payne tariff bill placed side by side for convenience of reference in considering what follows:

EXISTING LAW.

Lithographic cigar labels, flaps, and bands, lettered or blank, printed from stone, zinc, aluminum, or other material, if printed in less than 8 colors—

(bronze printing to be counted as 2 colors)—

but not including labers, flaps, and bands printed in whole or in part in metal leaf, 20 cents per pound.

Labels, flaps, and bands printed in entirely in bronze printing, 15 cents per pound.

Labels, flaps, and bands printed in eight or more colors, but not including labels, flaps, and bands printed in whole or in part in metal leaf, 30 cents per pound.

PAYNE TARIFF BILL.

Labels and flaps, if printed in less than 8 colors—

(bronze printing to be counted as 3 colors)—

but not grinted in whole or in part in metal leaf, 25 cents per pound.

Cigar bands of the same number of colors and printings, 30 cents per pound.

Labels and flaps printed in eight or more colors, but not printed in while or in part in metal leaf, 35 cents per pound.

Cigar bands of the same number of colors and printing, 40 cents per pound.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

Labels, flaps, and cigar bands, if whole or in part in metal leaf, 50 cents per pound.

Labels and flaps printed in whole or in part in metal leaf, 50 cents per pound.

Cigar bands printed in whole or in part in metal leaf, 55 cents per pound.

Labels, flaps, and cigar bands, if embossed, shall pay 5 cents per pound in addition to the foregoing rates.

By the Payne bill the increases are as follows:

Labels and flaps of less than eight colors increased from 20 cents to 25 cents; and if embossed, to 30 cents.

Labels and flaps of five colors and bronze (heretofore counting as seven colors) increased from 20 cents to 35 cents; and if embossed, to 40 cents.

Labels and flaps of eight colors or more increased from 30 cents to 35 cents; and if embossed, to 40 cents.

Labels and flaps printed entirely in bronze printing increased from 15 cents to 25 cents per pound; and if embossed, to 30 cents per pound.

Cigar bands in less than eight colors increased from 20 cents to 30 cents per pound; and if embossed, to 35 cents per pound.

Cigar bands in five colors and bronze (heretofore counting as seven colors) increased from 20 cents to 40 cents per pound; and if embossed, to 45 cents per pound.

Cigar bands in eight or more colors increased from 30 cents to 40 cents per pound; and if embossed, to 45 cents per pound.

Cigar bands printed in whole or in part in metal leaf increased from 50 cents to 55 cents per pound; and if embossed, to 60 cents per pound.

Cigar bands printed entirely in bronze increased from 15 cents to 30 cents per pound; and if embossed, to 35 cents.

Since practically every imported cigar band and label is embossed, the highest amounts mentioned are in each case the actual amounts of the tariff for all practical purposes.

These tremendous increases, amounting in some instances to considerably over 100 per cent of increase and in the smallest possible case to 16½ per cent of increase, can be explained only on the theory that the committee thought that such duties were necessary in order to offset the difference between American wages and foreign wages; and that they consequently would not prohibit importation so as to deprive the Government of revenue. As a matter of fact, the committee's conclusion would almost seem to be justified by the only definite statements as to wages which seem to have been before the committee. The National Association of Employing Lithographers repeatedly stated, without adequate contradiction, that the wages in this country are to the German wages (Germany is the only country considerably concerned in the lithographic trade) as \$4 to \$1.

These statements to the committee were partly wrong and wholly misleading.

The statements made before the committee as to American wages were substantially right. The statements as to German wages were much too low. But far more important, the statement of wages both German and American were in terms per man per week, and not in terms of wage cost per unit of production.

The American workman, by virtue of his greater skill, superior methods, and improved machinery can produce a given quantity of cigar labels, flaps, and bands more cheaply than the foreign workman. This general statement is absolutely substantiated by what follows.

Furthermore, a wrong impression was given at the hearings and in the briefs filed by the National Association of Employing Lithographers as to the ad valorem equivalent of the present tariff on labels, the actual ad valorem equivalent being much higher on labels (as distinguished from bands) than was made to appear.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

I. DETAILS OF THE WAGE COSTS ENTERING INTO AMERICAN AND GERMAN LABELS, FLAPS, AND BANDS, SHOWING THAT AMERICAN MAKERS PRODUCE THESE ARTICLES MORE CHEAPLY THAN GERMAN MAKERS DESPITE THE HIGHER AMERICAN WAGES.

The following is a fair statement of the various wage costs, including all the various steps from artists' sketches through lithographing, transferring, printing, and embossing to cutting:

ORIGINAL SKETCH.

AMERICAN.

Artists are paid in America \$40 per week and make two sketches in nine colors and bronze per week, the average cost of each sketch being, therefore, \$20.

An outside artist in America (meaning an artist not employed in the factory) will be paid for sketches \$15 apiece.

GERMAN.

German artists are paid \$23 per week and are considered to do good work when they finish one sketch in nine colors and bronze per week, such sketch consequently costing \$23.

A German outside artist, making a similar sketch, would get 125 marks, an equivalent of \$31.

It therefore appears that as regards the sketch American labor cost is less per article than the German.

LITHOGRAPHING.

AMERICAN.

An experienced lithographer is paid \$25 per week.

The average cost of putting on stone nine colors and bronze for labels is \$85.

Example—Exhibit A.—An American label, "El Picaro," in 9 colors and bronze.

See also Exhibit B, No. 1, "La Azora," an American label in 10 colors and bronze, which actually cost to put on stone \$105.

GERMAN.

An experienced lithographer is paid \$11 per week.

The average cost of putting on stone nine colors and bronze for labels is \$95 to \$100.

Examples—Exhibit C.—Consisting of 3 German labels in nine colors and bronze, which actually cost to put on stone as follows:

1. "Pensativo"	\$99.60
2. "Marica"	98.40
3. "Sevillana"	93.60

See also Exhibit B, No. 2, "Undine," a German label in 10 colors and bronze, which actually cost \$122.40, and "Flor de Mejor," also a German label in 10 colors and bronze, actual cost \$103.20.

TRANSFERRING.

AMERICAN.

A transfer man is paid \$25 a week and transfers six sheets 32 by 47 inches (1,504 sq. in.) of labels per color per week. One thousand five hundred and four square inches of labers one color therefore cost \$4.25.

The same transfer man could transfer only three sheets of bands as against six of labels.

GERMAN.

A transfer man is paid 30 marks or \$7.20 per week and transfers five sheets 24 by 33 inches (792 sq. in.) of labels per color per week. Seven hundred and ninety-two square inches of labels one color therefore cost \$2.40.

One thousand five hundred and four square inches would therefore cost \$2.73.

The same transfer man could transfer two sheets of bands.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

PRINTING.

In comparing the prices for printing we take the largest press used in America for these goods—42 by 62 inches—compared with the largest press used in Germany—37 by 49 inches. The cost of printing 1,000 sheets in America and the equivalent quantity of square inches in Germany is \$1.27½ and \$1.23½, respectively, as appears from what follows, thus showing that printing is a little more expensive in labor in America than in Germany. Rotary presses are not used in Germany for labels and bands because of objection by the labor, but are used in America. If an American rotary press were compared with the German figures given below, it would be shown that it costs less to print in America than in Germany.

AMERICA.

Pressman—high average -----	\$25
Feeder -----	14
Boy -----	3
American week (53 hours) --	42.00
Sheets produced -----	33,000
Size of sheets:	
largest ----- inches --	42 by 62
smallest ----- do -----	32½ by 48
33,000 sheets (2,604 square	
inches each) cost -----	\$42.00
1,000 sheets (2,604 square	
inches each) therefore cost --	1.27½

Also use rotary presses, size, 44 by 64, printing 10,000 sheets per day, 55,000 sheets per week—

Pressman -----	\$25
Feeder -----	15
	\$40

EMBOSSING.

AMERICA.

One-half a printed sheet is embossed at once. From a press 42 by 62 inches a sheet 42 by 31 would be embossed at once. On such half sheet are printed 21 labels 6 by 10 inches. The embossing machine embosses 3,800 sheets per day—20,900 sheets in 5½ days.

The wages paid are:

Foremen -----	\$25
2 feeders, each \$15 -----	30,

Per week ----- \$55

(NOTE.—We include the full amount of the foreman's wages, although properly he is able to attend to 5 machines

GERMANY.

Pressman ----- marks --	31
2 feeders ----- do -----	24
1 boy ----- do -----	10

German week (49½ hours)	
marks -----	65
or -----	\$15.60

Sheets produced -----	18,150
Size of sheets:	

largest ----- inches --	37 by 49
smallest ----- do -----	24 by 33

18,150 sheets (1,813	
square inches each)	
cost -----	\$15.60

1,000 sheets (1,813	
square inches each)	
therefore cost -----	.85 115/121

The equivalent of 1,000	
sheets of same size	
as American sheets	
(2,604 square inches	
each) would there-	
fore cost -----	1.23½

Do not use rotary presses for labels and bands.

GERMANY.

In Germany only 1 label 6 by 10 inches is embossed at a time. Each machine embosses one label or two smaller labels 4½ by 4½ inches.

The wages paid for this work are 4.05 marks per 1,000 labels, equivalent to 97½ cents for embossing each 1,000 labels in Germany.

The wages paid ----- per ream --	\$2.80
Running expenses, power, etc.,	
per ream -----	1.25

Net cost of labor per ream, \$2.80 = 66½ cents per 1,000 labels.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

and therefore only one-fifth of the above amount should be charged to one machine.)

20,900 sheets of 21 labels gives 438,900 labels embossed in one week at a cost of \$55.

1,000 labels will therefore cost to emboss 12½ cents.

The original embossing plate costs \$8.50, and electrotypes are used for the embossing machine, costing from 3 to 3½ cents per square inch.

Bands are embossed in the same proportion. Take the smallest press, 32½ by 48 inches, which prints 846 bands per sheet, ½ equals 423 bands embossed at once.

The original plate costs 75 marks, equivalent to \$18.

In Germany the largest embossing plates for bands contain 40 bands, which can be embossed at once, against 423 in America.

From the above it appears that the cost of embossing is very much higher in Germany than in America (97½ cents to 12½ cents), which illustrates with extreme force the great injustice of adding the special 5 cents per pound for embossed labels and bands imposed by the Payne tariff bill.

CUTTING AND DIE CUTTING.

AMERICA.

Cigar bands are cut in America on automatic machines. The bands are printed in strips, and 84 strips, one upon the other, are cut at once. These strips, 84 thick, are fed through the cutting machine.

Operator, \$18 per week; girl, \$5 per week—\$23 per week, wages 1 machine.

Capacity, 200,000 bands per day—2,380 cuts of 84 bands each.

200,000 each day in 5½ days—1,100,000 bands.

The cost of cutting 1,000 bands is 2 cents.

500 labels or flaps are cut at once.

GERMANY.

Cigar bands are cut in Germany on single machines and only 25 at once. The operator puts the die around the band to be cut, moves the sheet into the machine, which presses the die down and cuts the band.

The cost of cutting 1,000 bands is 19 pfg.—4½ cents.

50 labels or flaps are cut at once, as against 500 in America.

The above method of cutting is considered satisfactory in Germany and is adopted by all manufacturers of cigar labels and bands there.

It therefore appears that the labor cost of cutting in Germany is very much higher than in America.

The foregoing statements have been taken directly from the books of a large German manufacturer and the books of a large American manufacturer. They are actual figures.

Said statements show conclusively that the items of labor cost entering into the cigar labels and bands are higher in Germany than in America despite the greater wages per man paid to the American workmen. This is due to the greater skill of American workmen and their use of improved machinery, while German labor refuses to adopt improved means of manufacture and the labor associations enforce a system for limiting the output of all men engaged in the factories.

Mr. Meyercord, representing the National Association of Employing Lithographers, submitted to the Payne committee the following table of percentages of the wages, paper, material, etc., entering into the entire cost of production of the American product. We have obtained from German manufacturers carefully prepared and accurate figures as to the corresponding amounts in Germany and

PARAGRAPH 412—CIGAR LABELS AND BANDS.

these amounts are set forth in the table below opposite the figures given by the American manufacturers:

Percentage of total cost of production.

	American. ¹	German. ²
	<i>Per cent.</i>	<i>Per cent.</i>
Wages.....	41	45
Paper, surface coated.....	28½	19
Materials.....	16	14.4
Insurance, rent, power.....	7	5
Color.....	3	2.4
Bronze and metal leaf.....	1½	3.7
Superintendence.....	2	3
Selling commission.....		7.5
	100	100

¹ Furnished by the American Association of Employing Lithographers.

² From the books of German label and band manufacturers.

If the item of selling commission, which is not included in the American table, were omitted from the German table, the effect would be to raise the figure for German labor above 45 per cent.

II. THE CORRECTNESS OF THE FOREGOING IS PROVED BY THE FACT THAT THE AMERICAN MANUFACTURER ACTUALLY UNDERS SELLS THE FOREIGNER BOTH HERE AND ABROAD.

The American manufacturers insisted throughout the hearings before the Payne Committee that there is no difference in quality between the American and foreign work. The prices which the foreign and domestic manufacturers are able to quote on their product should therefore be a fair test of whether the American can compete with the foreigner. Yet it is a fact well known to the trade that the American goods are offered at lower rates to the cigar manufacturer and box maker than are the foreign labels, flaps, and bands. Any cigar manufacturer whom the committee may call will testify to this effect. See the affidavits annexed hereto as Exhibits H and I,¹ at pages 25 and 27.

A number of samples proving this fact were submitted at the hearing of the Ways and Means Committee, all proving conclusively that this is so. See Tariff Hearings of the Ways and Means Committee, pages 1054, 1055.

In addition, we file herewith Exhibits D, E, and F.

Exhibit D is an American-made cigar label, consisting of ins, outs, flaps, and tags, called "Flor de Langsdorf," which is offered to the American user in 500,000 lots at \$10 per 1,000 less 5 per cent; that is, \$9.50 per 1,000 sets. The cost of the same label in Germany is 40 marks net, equal to \$9.60 per 1,000 sets, f. o. b. at the factory in Germany. To this must be added, before it can be offered in competition with the American product, duty and transportation expenses. The duty under the present tariff would be:

Ins, outs, and tags, 11 colors, including bronze, 15½ pounds, at 30 cents— \$4.65
 Flaps, 7 colors, including bronze, 12 pounds, at 20 cents— 2.40

7.05

and the freight and expenses in transit would be 3 per cent, making this label cost, delivered in this country, without importer's profit, \$16.94, as compared

¹ Exhibit H is a sworn statement of Mr. Fernando Rodriguez, a gentleman of the highest standing, treasurer of Salvador Rodriguez (Inc.), the well-known Havana cigar manufacturing company of New York and Tampa, showing that even on the highest class of label the American manufacturer has offered to duplicate the German label, guaranteeing quality to be at least as good, for 33 per cent less than the best price obtainable from abroad.

Exhibit I is a similar affidavit of Mr. Max L. Kaufmann, another large cigar manufacturer of New York, showing among other things that the present duty on labels has proved actually prohibitive, and that he has been forced to cease all use of imported labels, although he still uses some imported bands.

See also the very significant affidavit of Mr. Francisco Garcia on page 34.

PARAGRAPH 412—CIGAR LABELS AND BANDS.

with \$9.50, the selling price of the domestic article. The duty on this article amounts to 73½ per cent ad valorem.

Exhibit E consists of two bands in the same number of colors. One is domestic and is made by Schmidt & Co., of Brooklyn, and is freely offered in 500,000 lots at 25 cents per 1,000 net; the other bands are made by Gebruder Weigang, Bautzen, the price of which f. o. b. at the factory in Germany is 1.40 marks per 1,000, equivalent to 33.6 cents in 1,000,000 lots. (If these were in 500,000 lots, the price would be 45 cents.) To the price of 33.6 cents must be added a specific duty on the weight, equivalent to 8½ cents, and 3 per cent for freight and expense in transit, making the total net cost of this band landed in America, without importer's profit, 42.8 cents per 1,000. The ad valorem duty on this article amounts to 24½ per cent.

Exhibit F consists of two labels, one made in America and the other in Germany. No. 1 is a label consisting of four parts—ins, outs, flaps, and tags—manufactured in America and offered for sale in Germany through agents in Holland at 85 marks per 1,000 in small lots. It is printed in 12 colors, including bronze, and the flap is printed in two colors, including bronze. No. 2 is a similar label of an equivalent number of colors in all respects, manufactured in Bautzen by Gebruder Weigang, and corresponds exactly in character to the American label. The net price of this label in small lots f. o. b. Hamburg is 92 marks per 1,000. This exhibit, therefore, shows that the American lithographer on these goods underbids the German in his own market.

The American lithographers have claimed at the hearings that the German lithographers sell their goods for export at a lower price than for German use. If this is true, the German home price would be above 92 marks, and the advantage of the American article would be greater still. It should also be borne in mind that the American goods, in addition to paying the small German import tax, prepaid the freight from America to Germany.

As further proof we have filed with the Committee on Finance of the Senate Exhibits K-1 and K-2, being original letters from the Canadian agents of Messrs. Gebruder Weigang, of Bautzen. The first of these letters is dated November 14, 1908, and states as follows:

"I have just come back from Quebec, where I have met American prices for bands against which it is simply impossible for me to compete. I have seen a quotation from one of my customers, who is using probably 1,000,000 bands during a year and who can buy three and four color bands at 40 cents, duty paid, in Quebec, an offer against which I am simply powerless."

The second letter is dated December 16, 1908, and states as follows:

"As soon as you are ready to send me sample, I should be pleased to receive the same, but I beg to point out to you that Schwencke and Moehle are doing the main business in labels in Canada, as they are selling embossed labels, ins and outs, at \$11 to the cigar manufacturers, and as Gebruder Weigang are not giving me any prices to compete against them our label business in Canada is very limited."

The Schwencke referred to is O. L. Schwencke, of Brooklyn, N. Y., and the Moehle referred to is the Moehle Lithographing Co., of Brooklyn, N. Y.

The sur tax in Canada on the German goods is only one-third of 35 per cent ad valorem. Therefore if the contention of the American lithographers is true as to the disparity of cost of production between German and American goods, it would be impossible for the American goods to compete with the German goods in Canada on terms so disadvantageous to the German product.

The National Association of Employing Lithographers, although they at first denied at the hearings before the Committee on Ways and Means that any lithographs were exported by the American manufacturers, expressly admit at page 6310 of the tariff hearings that in the three years 1906, 1907, and 1908 one firm alone among the firms included in that association exported \$14,591.49 of cigar labels, saying nothing whatever as to cigar bands. Supposing that this admission is the greatest extent to which this exportation has gone, nevertheless it is sufficient proof that it is possible to compete abroad with cigar labels of American manufacture.

That the American manufacturer can produce more cheaply than the foreign manufacturer is further proved by the fact that he has an almost complete monopoly of the American market at the present time. The only exception to this complete control is that foreign goods are imported on original orders because of their designs, the repeat orders nearly all going to American houses, as

PARAGRAPH 412—CIGAR LABELS AND BANDS.

the latter copy the German manufacturer's designs and deliver the goods in large quantities at a price with which the German maker can not compete.

The foreign importations are but a small fraction of the cigar labels, flaps, and bands consumed. The year ending June 30, 1906, is used in the comparison of the Payne tariff bill with the present tariff laws, prepared by Mr. W. W. Evans, under the direction of the Committee on Ways and Means, for the purpose of showing the effect of the Payne tariff bill. It would, therefore, seem to be proper and convenient for the purposes of the committee to refer to that year. The year 1906 is disadvantageous to the interest of those who object to the increase in the tariff, for the reason that because of the immense demand and the existence of a strike, the American manufacturers were unable to supply the market in that year and themselves made importations from abroad, which swelled the total amount of importations. The following table, taken from pages 104 and 105 of the official comparison of the Payne tariff bill with the present laws (excluding the very slight importation from the Philippine Islands and from Cuba under the reciprocity arrangements), shows a total importation of \$206,949.10. More than one-half of this amount consisted of products printed in less than eight colors. These consisted mostly of bands, which, because of their small size, are taxed a small ad valorem amount; this caused the tax on the labels to appear lower than is the fact as respects labels. The table is as follows:

Official figures of imports for year ending June 30, 1906.

	Quantity.	Value.	Equiva- lent ad- valorems.	Duty.
	<i>Pounds.</i>			
Printed in less than 8 colors, not including metal- leaf printing.....	129,939.95	\$112,353.10	23.13	\$25,888.00
Printed in more than 8 colors, not including metal leaf.....	41,253.99	30,628.00	40.41	12,376.00
Printed in whole or in part in metal leaf.....	51,474.00	62,753.00	41.01	25,737.00
Entirely bronze printing.....	1,337.00	1,215.00	16.51	200.00
		206,949.10		64,301.00

It is impossible to ascertain definitely what is the domestic production of cigar labels, flaps, and bands. There are no figures obtainable whatever with respect to lithography since the census report of 1905, which gives the total domestic production for the year 1904 as \$25,000,000, but gives no separate figures for the various kinds of lithography. There is no question, however, that the American production is immensely larger than the amount of the importations, which, in the opinion of experts familiar with the trade, are less than 10 per cent of the American production.

III. THE SCHEDULE IN THE PAYNE TARIFF BILL IS DECEPTIVE AND PROHIBITIVE, AND WILL DEPRIVE THE GOVERNMENT OF REVENUE.

The language of the schedule is deceptive and appears at first sight to make much smaller increases than is actually the fact.

In the first place, the affidavits filed herewith show, and no one familiar with the trade will dispute, that practically all cigar labels and bands are embossed. Certainly not less than 90 per cent of the amount imported are embossed. The provision, therefore, added at the end of the clause affecting labels, flaps, and bands is in the nature of what is popularly termed a "joker," inasmuch as it is a means of raising the tax 5 cents per pound on substantially all the articles without appearing to do so. We do not mean to suggest that the committee was aware of this fact, but we can not escape the conclusion that those who urged the adoption of this provision upon the committee realized its true character and the provision was put in in this form for the purpose of misleading the committee and Congress into granting a higher tariff than would otherwise be granted.

An exactly similar device is the provision by which bronze is to be counted as three colors. Under the old bill bronze counted as two colors or printings.

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The reason is that at one time it required two separate printings to produce bronze. There was, therefore, a natural justification for this classification in the Dingley bill, despite the fact that both in Europe and America methods have changed, so that bronze is no longer printed in this fashion. At the present time all manufacturers print but once and then pass the sheet through a machine by which the bronze sticks to the printed ink, this method being much less expensive than two printings. The provision requiring bronze to be counted as three colors, however, is an absolutely new device, without any justification in the method of production or otherwise, and clearly invented by the persons who proposed it to the committee for the express purpose of taking the large class of five-color-and-bronze labels, flaps, and bands into the eight and more color classification. This provision, innocent looking as it is, results, therefore, in a raise in the duty of 75 per cent on labels and 100 per cent on bands. No American manufacturer ever estimates bronze as costing more than two colors.

On page 2 we have shown in detail the tremendous increases which will be effected under the proposed bill.

The raises in the Payne bill impose an absolutely prohibitive duty. As has been shown, only new and original designs are imported under the existing law, but there is obviously a limit to which the consumer will go in purchasing these. If the price is too high, he will prefer to take some other design produced by the American manufacturers. The result of the proposed rates will be to absolutely deprive the Government of the revenue received at present from these goods. This revenue amounted, in the year 1908, to about \$97,500, enough to pay the salary of the President of the United States, of the Secretary of State, and of the Chief Justice of the Supreme Court, with something left over for the Attorney General. The country can not afford, at a time when there is already such a huge deficit in the Treasury, to lose this additional revenue.

The statements of the National Association of Employing Lithographers, found on page 6312 of the tariff hearings before the Ways and Means Committee, shows that that association fully understood that the proposed raises would be prohibitive, for they announced that their purpose in asking for the raises was to absolutely prevent any importations whatever and to "insure" that all the lithographs used in the United States would be made in the United States. This selfish and monopolistic purpose can not be listened to, certainly not at a time when the country needs the revenue.

IV. THE FACTS JUSTIFY THE REDUCTION OF THE EXISTING TARIFF, AND WE THEREFORE REQUEST A REDUCTION OF THE RATES ON LABELS, WHICH WILL INCREASE THE GOVERNMENT'S REVENUE.

The schedule in the existing law imposing the rates on cigar labels, flaps, and bands was originally imposed under circumstances which were a great injustice to the importers of these articles.

The rates were originally in the Wilson bill. As set forth in the hearings before the Ways and Means Committee in the statement of E. P. Dutton & Co., at page 6301, and in the statement of Louis C. Wagner & Co., at page 7849, the rates of the existing law were agreed upon at a meeting between the importers and domestic manufacturers held at the instigation of Chairman Jones of the committee, and it was at this conference that cigar labels and bands were for the first time taken out of the general lithographic schedule and provided for separately at higher rates. The only firms interested in cigar labels and bands represented at the conference were the American Lithographic Co. and another firm, which, immediately after the adoption of the Wilson bill, sold their entire stock to the American Lithographic Co., and it was perfectly understood at the time that the schedule as to cigar labels and bands was fixed to suit the American Lithographic Co. and was a concession in this respect made to that company for agreeing to other portions of the lithographic schedule.

The schedule with reference to cigar labels and bands was, therefore, agreed upon without consultation with those interested in preventing its being raised to exorbitant rates.

All the importers of cigar labels and bands, including Messrs. Louis C. Wagner & Co. and Charles Stutz Co. and ourselves, deem that it would be only fair in the committee to reduce the existing law from the present rates. Although the facts set forth above would justify the placing of labels on the

PARAGRAPH 412—CIGAR LABELS AND BANDS.

free list, we do not expect that this will be done, for we realize that at this session of Congress the paramount question is the provision of sufficient revenue.

We submit that for labels and flaps alone (excluding bands, which, because of their small size, weigh very little, and therefore show a comparatively small ad valorem tax) the tax on labels and flaps printed in less than eight colors under the existing law amounts to 46 per cent ad valorem, and on labels and flaps printed in eight or more colors to 73 per cent ad valorem, which is much more than labels and flaps can bear to yield their maximum amount of revenue to the Government. The present revenue is chiefly furnished by the bands, which constitute about 90 per cent of the total importations. By reducing the tariff on labels this revenue will be undisturbed, and the Government will get additional revenue to the extent of the repeat orders on labels.

We request only that such a reduction shall be made that the importers may be able to get repeat orders on those particular labels which they originate and are prevented under the present law from reselling because the American manufacturer is able to reproduce them, including the cost of new lithographic plates, at less cost. This is a conservative and modest demand. The effect of the reduction asked for will be to enable the importer not only to sell first orders of original designs in this country, but also repeat orders, and to this extent will increase the revenue of the Government, sufficient to more than offset the reduction in the amount of the tariff imposed. We do not ask that any reduction should be made in the existing tariff as to bands, but are willing that the same should remain at the present figure. We therefore submit that in fairness and in view of the fact that American labor and American manufacturers will be amply protected and the revenue of the Government will be increased by such amendment, that that portion of paragraph 408 of the Payne tariff bill fixing the rates on labels, flaps, and bands should be amended as follows:

"Labels and flaps, if printed in less than eight colors (bronze printing being counted as two colors) but not printed in whole or in part in metal leaf, 10 cents per pound; cigar bands of the same number of colors and printings, 20 cents per pound; labels and flaps printed in eight or more colors but not printed in whole or in part in metal leaf, 20 cents per pound; cigar bands of the same number of colors and printings, 30 cents per pound; labels and flaps printed in whole or in part in metal leaf, 40 cents per pound; cigar bands printed in whole or in part in metal leaf, 50 cents per pound; labels and flaps printed entirely in bronze printing, 10 cents per pound; cigar bands printed entirely in bronze printing, 15 cents per pound."

The above request is not an unreasonable one, made for the purpose of trading, or in the expectation that our claim will be discounted, but represents our sincere judgment.

This brief is prepared in advance of obtaining all the facts and the proof thereof which we wish to submit to the committee, the brief being prepared at the present time for fear that any delay may endanger our hope of obtaining an amendment to the Payne tariff bill. We desire, however, as soon as we can get the same ready, to file an amended brief accompanied by further exhibits and sworn affidavits setting forth more fully certain details and giving further proof of the statements contained above.

We should be very glad to appear before your committee or to file or give any additional information that your committee may desire, and respectfully request for an opportunity to be heard.

Respectfully submitted.

MÖLLER, KÖKERITZ & Co.,
25 Astor Place, New York City.

BYRNE & CUTCHEON,
Counsel, 24 Broad Street, New York.

[Exhibit H.]

AFFIDAVIT OF F. RODRIGUEZ AS TO FOREIGN AND AMERICAN PRICES UNDER EXISTING LAW.

STATE OF NEW YORK, County of New York, ss:

Fernando Rodriguez, being duly sworn, on oath says: I am the treasurer and a member of the board of directors of Salvador Rodriguez (Inc.), of No. 130 Water Street, in the city of New York, manufacturers of cigars in New York

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and Tampa. Said company is known throughout the United States as one of the largest Havana cigar manufacturing concerns in the United States. As such manufacturer, it uses large quantities of cigar labels, flaps, and bands. Through my connection with said company and with the business which is and has been conducted by it and its predecessor firm, I am thoroughly familiar with the prices at which cigar labels, flaps, and bands have been and are offered to cigar manufacturers by the American label and band manufacturers and by the importers. The said company and its predecessor firm have used labels, flaps, and bands made in America and labels, flaps, and bands made in Europe, and our universal experience is that the domestic manufacturer offers labels and bands to the cigar manufacturers at prices considerably less than the prices at which it is possible to obtain imported labels and bands. The domestic manufacturer is able to reproduce the foreign-made article at considerably lower prices than we are able to import the same from abroad. An example is the label "Charles the Great," a sample of which is attached to this affidavit. My company uses said label in considerable quantities, and at present is importing them from a German manufacturer. Recently a company of domestic manufacturers have made Salvador Rodriguez (Inc.) an offer to reproduce the said label, guaranteeing to deliver a label, of workmanship at least as good, at a price 33 per cent less than the price at which we are at present importing said label from abroad, which is the best price we have yet been able to get on these labels and obtain satisfactory workmanship. This label is of very high workmanship, and, if the American lithographer is successful in underbidding the foreign maker on labels of this character, it is obvious that he can more easily undersell the foreigner on labels of the ordinary kind.

FERNANDO RODRIGUEZ,
Treasurer.

Subscribed and sworn to before me this 6th day of April, 1909.

[SEAL.]

BERTHA M. WILL,
*Notary Public of the State of New York
in and for the County of New York.*

[Exhibit I.]

AFFIDAVIT OF MAX L. KAUFMANN, SHOWING THAT PRESENT DUTY IS PROHIBITIVE ON LABELS.

STATE OF NEW YORK,
County of New York, ss:

Max L. Kaufmann, a member of the firm of A. L. & M. L. Kaufmann, being duly sworn, on oath, says: I am a manufacturer of cigars at No. 1615 Second Avenue in the city of New York, and as such manufacturer use large quantities of cigar labels, flaps, and bands, and in consequence am thoroughly familiar with the prices at which cigar labels, flaps, and bands are offered to the consumer by the American makers and by the importers. I have used bands and labels made in America as well as bands and labels made in Europe, and my experience is that American labels and bands of the same number of colors and printings as the foreign labels and bands are offered at prices considerably less than the prices at which it is possible for me to buy the imported labels and bands. As a consequence, very few of the imported labels and bands are bought as compared with the American-made articles, and even when an imported label or band is introduced into this country and is so well liked as to be in demand we can always go to the American manufacturer and get him to duplicate the article at a considerably less price than we can get the imported labels or bands from the European manufacturers. On account of the prohibitive prices of imported cigar labels and flaps caused by the present high tariff all my purchases of cigar labels and flaps are now made from the American manufacturers. I have continued the use of imported bands for the reason that for certain purposes I like them better, although I can buy the American-made bands 30 to 50 per cent cheaper than the imported bands.

MAX L. KAUFMANN.

Subscribed and sworn to before me this 3d day of April, 1909.

[SEAL.]

FREDERICK RATH,
*Notary Public of the State of New York
in and for the County of New York.*

PARAGRAPH 412—CIGAR LABELS AND BANDS.

AFFIDAVIT OF CARL O. VON KÖKERITZ.

STATE OF NEW YORK,

County of New York, ss:

Carl O. von Kökeritz, being duly sworn, on oath says: I am thoroughly familiar with the business of producing and selling cigar labels, flaps, and bands both in this country and in Europe, and I am thoroughly familiar with the conditions surrounding the manufacture of lithographed cigar labels, flaps, and bands in Germany as well as in the United States of America, having been engaged in the cigar label, flap, and band business in this country and in Germany for a great many years.

In view of the legislation which is impending affecting the tariff imposed on the importation of lithographed cigar labels, flaps, and bands, I have made considerable investigations concerning the cost and manufacture in the United States and in Germany of cigar labels, flaps, and bands, and of the prices at which labels and bands are sold in this country and abroad, both by German manufacturers and American manufacturers, and have given special consideration to the effect on the domestic production and importation of cigar labels, flaps, and bands of the existing tariff laws and also of the effect thereon of the proposed Payne tariff bill, which has been introduced into the House of Representatives at the present session. I have read all the printed reports of the tariff hearings before the Committee on Ways and Means affecting in any manner lithographic cigar labels and bands, and am thoroughly familiar with the evidence there shown which was submitted to said committee.

Attached to this affidavit is a statement or brief, signed by Möller, Kökeritz & Co., and all the statements therein contained are true to the best of my knowledge, information, and belief.

In said statement are set forth, under point 1, details of the wage costs entering into American and German labels, flaps, and bands, including figures as to the cost of the original sketch, the placing of the sketch upon stone by the lithographers, the printing, the embossing, and the cutting. These figures were prepared either by me personally or under my personal direction, and the figures as to America were obtained from American manufacturers manufacturing lithographed cigar labels, flaps, and bands in the city of New York or Brooklyn, and, from my knowledge of the business in general and of the particular manufacturers giving me this information, I am convinced that the same are correct and in all respects truly represent the facts with respect to said matters in America, and the figures given are fair and typical and should be relied upon as representing the actual condition of the American business. The figures and facts as to the making of lithographed labels, flaps, and bands in Germany have been obtained directly from German factories and are based on written statements or cabled statements received from German manufacturers of established standing and known to me to be reliable, and I absolutely believe said statements and am convinced that the same are in all respects correct and are truly representative of the cost of manufacturing lithographed cigar labels, flaps, and bands in Germany.

Contained in said statement is a table of the percentages of wages, paper, material, etc., entering into the entire cost of production in Germany as compared with a like statement submitted to the Ways and Means Committee of the House of Representatives by the National Association of Employing Lithographers. Said statement of German percentages, in exactly the figures and form there given, except for being translated into English, has been cabled to me from abroad by German manufacturers of established standing, in response for a request for a careful statement covering said points, and I am convinced that the same is in all respects absolutely thorough, carefully prepared, accurate, and reliable.

It has been impossible to obtain sworn statements from the German manufacturers within the short time available prior to the filing of this affidavit and the above-mentioned statement, but it is my intention to obtain such sworn statements of the German manufacturers substantiating on their own knowledge the facts above set forth.

I know absolutely, and emphatically state, that it is a matter of general knowledge in the trade that the American manufacturer offers his lithographed labels, flaps, and bands at a less price than the price at which it is possible for the foreign manufacturer to offer in America lithographed labels,

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flaps, and bands of an equal number of colors and printings and of similar workmanship.

Attached to the printed statement or brief referred to above are various exhibits lettered A, B, C, D, E, and F, made by American or German manufacturers, as stated therein, and costing or offered for sale at the prices therein stated, and, after investigation and thoroughly informing myself, I am of the opinion and am thoroughly convinced that the figures and statements made in said printed statement or brief with respect to said exhibits are in all respects accurate and true. I furthermore state that from my knowledge of the business said examples are fair and typical and truly represent the actual state of facts with respect to the matters mentioned in said brief or statement.

I know from experience that cigar labels, flaps, and bands made in Germany cost about the same to produce as do American-made cigar labels, flaps, and bands, and that when to this original cost is added the expense of transportation and the duties under the existing laws the German product can not be offered in this country at anything like as low a price as the product of the American manufacturer is generally offered. As a consequence, the American consumer does not purchase the German product if he can get the same article from an American manufacturer. As long as the difference in price is not great the consumer will often purchase an imported article because in some respects it may take his fancy. If the duty is high, however, as it undoubtedly is with respect to all labels under the existing law, the consumer will not take the foreign manufactured article except in the one case where the foreign manufacturer is offering to him a new design. I am convinced that if the schedule of the Payne tariff bill is adopted the business even in original designs will be stopped.

The German importations of labels, therefore, are at the present time confined almost entirely to original designs. Practically all "repeat" orders—that is, second orders for a label which was originally prepared abroad and sold in this country—go to the American manufacturers, for the reason that the American manufacturer, despite the fact that the German manufacturer already has his lithographic plates ready to make reprints, can nevertheless engrave new plates from the German design, and print and deliver labels to the domestic consumer at such prices as to forbid all competition by the foreign manufacturer.

I furthermore am of the opinion that the total importations, including both labels and bands, is less than 10 per cent of the total domestic production of cigar labels and bands, and the estimate of others who are experts and in a position to know agrees with this estimate.

I also knew that in the years 1906 and 1907 there was a great increase in the consumption of cigar labels, flaps, and bands, and that the American manufacturers were unable to supply the demand, and particularly were unable to supply labels and bands in small quantities in order to meet the various demands of their customers, and that at that time considerable orders were placed by American manufacturers with the importers of cigar labels and bands manufactured in Germany. These facts caused a considerable increase during said years of the importations of foreign-made cigar labels, flaps, and bands, and a large portion of the importations of 1908 were orders given in 1907, and which, because of the conditions immediately succeeding the panic which occurred in this country in November, 1907, were deferred at the request of the American manufacturers and were delivered through 1908. I therefore state that the importations of cigar labels, flaps, and bands during the years 1907-8 were unusual and temporary, and under existing tariff could not be expected to continue at as high a rate.

I know of my own knowledge that practically all cigar labels and bands imported into the United States are embossed, and am certain that not less than 90 per cent of the labels and bands so imported are embossed, and therefore that the provision of the Payne tariff bill imposing a tax of 5 cents per pound on embossed labels and bands will apply to practically all cigar labels and bands imported.

From my knowledge of the business I am convinced that the proposed rates on cigar labels and bands set forth in the Payne tariff bill will be prohibitive of importations and will reduce to a very small figure or entirely destroy the revenue now obtained under the existing law. It has been my experience on importations which have been made by Möller, Kökeritz & Co. that the average

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ad valorem percentage of duty on labels and flaps imported in regular editions in less than eight colors is about 46 per cent, and in labels and flaps printed in eight or more colors is 73 per cent. This is due to the fact that labels and flaps are of considerable weight, consisting not only of the part that is lithographed, but also of considerable amounts of bank paper, which is thus heavily taxed, although it does not represent lithographic work. Bands, on the other hand, which are much smaller and are almost entirely covered with lithographic work, show a much lower percentage of ad valorem duty. For this reason I state from my experience that the ad valorem equivalents stated on page 105 of the compilation made under the direction of the Committee on Ways and Means by Mr. W. W. Evans and copied in the brief or printed statement attached hereto, are much too low for labels, the low figures there given being due to the lumping of labels and bands together. I am of the opinion that American labor would be sufficiently protected if labels, flaps, and bands were placed upon the free list. Such action would, however, deprive the Government of revenue. I think that a reduction in the rates imposed by the existing law upon labels can, however, be granted without any reduction whatever in the revenue which would be received by the Government, and am, on the contrary, convinced that a reduction of the tariff upon labels as proposed in the printed brief or statement referred to above would result in an increase of the revenue of the Government due to the importation of second editions of original labels sold by foreign manufacturers in this country, whereas I am equally convinced that if the proposed rates set forth in the Payne tariff bill are adopted all importations of labels and almost all importations of bands will be practically prohibited and the Government will receive little or no revenue from these articles.

CARL O. VON KÖKERITZ.

Subscribed and sworn to before me this 17th day of April, 1909.

[SEAL]

C. S. GUTHRIE,

*Notary Public of the State of New York,
in and for the County of Kings.*

Certificate filed in New York County.

AFFIDAVIT OF FRANCISCO GARCIA.

STATE OF NEW YORK,

County of New York, ss:

Francisco Garcia, being duly sworn, on oath says: I am a member of the firm F. Garcia & Bros., cigar manufacturers, of No. 22 Warren Street, in the city of New York, with factories in Tampa, Fla., and Habana, Cuba. I personally attend to the purchase for said firm of all the cigar labels, flaps, and bands used by the firm, and have so acted for many years. I consequently know from experience the comparative prices of American-made cigar labels, flaps, and bands and imported cigar labels, flaps, and bands, and state that the American-made articles are offered to the trade in this country at a considerably lower price than it is possible to purchase the imported goods. To such an extent is this so that my firm has not for the last four years placed any orders for imported labels and flaps for use on their products manufactured in this country, for the reason that on labels and flaps, particularly, the price of imported articles as compared with the domestic articles is much higher on account of the present high duties on these articles under the existing law, but I have been able to use imported bands for some time in cases where I have particularly liked them. My experience is that under the best circumstances I am not able to purchase from the foreign manufacturers these bands at the prices offered me by the American lithographers. As an example, I may cite the bands marked "F. Garcia & Bros., Tampa," samples of which are attached to this affidavit—an imported band which we have been purchasing at the price of 38 cents per thousand, less 5 per cent for cash, this price being the very lowest at which we could import these goods. One of the largest American lithographic manufacturers, a concern of established financial and business standing, has recently offered to make this same band for us, guaranteeing that the quality of the band will be at least as good as the above-mentioned imported goods, quoting us the price of 22 cents per thousand, less 5 per cent, from which it is clear that the domestic manufacturer is much more than able

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to meet the foreign competition even on bands. Should the present tariff be increased, as has been proposed in the Payne tariff bill and in the substitute bill recently reported by the Senate Finance Committee to the Senate, the difference between the American-made goods and the foreign goods will become so absolutely prohibitive that we shall not be able to purchase even the small amount of foreign goods which, because I have liked the designs offered me by the foreign manufacturer, I have hitherto purchased, and not only would the Government be deprived of the revenue on the small amount of goods which we have heretofore imported, but we would be deprived of the benefit of even the limited competition of foreign goods with domestic articles.

FRANCISCO GARCIA.

Subscribed and sworn to before me this 15th day of April, 1909.

[SEAL]

J. F. FLETCHER,

Notary Public No. 152 in and for the County of New York,
State of New York.

NEW YORK, January 21, 1913.

SUPPLEMENTARY BRIEF IN REFERENCE TO SECTION M, PARAGRAPH 412.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: We beg to refer to brief filed with your committee January 17, 1913, setting forth the comparative cost in America as well as in Germany, of production on cigar labels, flaps, and bands.

The figures as to cost of production in America have been given by Heywood, Strasser & Voigt Lithograph Co., and we affix herewith their declaration that these figures are correct and have been taken from their books.

The figures as to cost of production in Germany have been taken from the books of the lithographic firm, Gebrüder Weigang, Bautzen, Germany, and these figures are vouched for by this firm as well as by us. The original brief was prepared in 1909 for hearings on the present tariff bill.

We beg to make the following correction.

The American week of labor has since then been shortened to 48 hours from 53 hours, but this shortening of time is fully counterbalanced by increased output.

The importation of cigar labels and bands is only a small part of the total consumption of such goods, being about 11 per cent of the total consumption, leaving 89 per cent to the American lithographers.

The American lithographer does not need any protection in competition with the foreign lithographer, and we annex hereto a summary statement of the comparative cost of production between the American and German lithographers.

We respectfully submit that the present duties on cigar labels, flaps, and bands be reduced as follows:

	Per pound.
Labels and flaps in less than 8 colors (bronze printing to be counted as 2 colors) . .	\$0. 15
Labels and flaps printed in 8 or more colors	. 18
Labels and flaps printed in whole or in part in metal leaf	. 36
Bands printed in less than 8 colors	. 20
Bands printed in 8 or more colors	. 30
Bands printed in whole or in part in metal leaf	. 40

We beg to add that the duties collected by the Government have been considerably reduced since the Payne-Aldrich tariff law has been in effect.

Respectfully submitted,

MÖLLER, KÖKERITZ.

CARL O. VON KÖKERITZ.

NEW YORK, January 21, 1913.

MESSRS. MÖLLER, KÖKERITZ & Co.,

25 Astor Place, New York City.

DEAR SIRS: The figures as to American cost of manufacture of cigar labels and bands given you are accurate figures, taken from my books.

Very truly, yours,

R. R. HEYWOOD.

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NEW YORK, *January 21, 1913.*

Mr. C. O. VON KÖKERITZ,
25 Astor Place, City.

MY DEAR MR. VON KÖKERITZ: In compliance with your request relative to the cost of bronze printing, would say that on cigar labels, flaps, and bands I always figure same at the cost of two printings. The cost of the gold sizing, the bronze, and the operations necessary for the bronze printing and the modern machines make it so that we can with safety estimate the cost of bronze printing as twice that of the regular printing.

Yours, truly,

R. R. HEYWOOD.

Cost of production.

Original sketches: American, \$20; German, \$23.

Lithographing:

Putting on stone—American, \$85; German, \$95 to \$100.

Transferring (1,504 square inches of labels)—American, \$4.25; German, \$2.73.

Printing (1,000 sheets, 2,604 square inches)—American, \$1.27½; German, \$1.23½.

Embossing labels:

1,000 labels—American, \$0.12½; German, \$0.66½.

Original embossing plate—American, \$8.50; German, \$18.

Embossing bands:

American—One-half sheet, 32½ by 48 inches, containing 846 bands, equivalent to 423 bands embossed at once.

German—Forty bands can only be embossed at once, against 423 in America.

Cutting 1,000 bands:

American—(500 labels are cut at once), \$0.02.

German—(50 labels are cut at once), \$0.04½.

BRIEF OF STEFFENS, JONES & CO., NEW YORK, N. Y.

[In re Schedule M, with special reference to cigar bands and labels.]

NEW YORK CITY, *January 14, 1913.*

To the Hon. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: We have understood that other importers will appear before your committee for hearing on Schedule M, with special reference to cigar bands and labels. We do not plan to appear before the committee, and therefore ask you to give this memorandum consideration in lieu of consuming your valuable time on January 17.

The rate of duty under the Dingley bill on cigar bands and labels under eight colors and bronze was 20 cents per pound. Under the Payne-Aldrich bill the rate was increased to 30 cents per pound, and the classification admitted other embossed or die-cut labels not exceeding 10 square inches cutting size to be classed at the same duty rate as cigar bands. Despite the inclusion of other material as cigar bands under this classification, the imports declined 232,500 pounds and the revenue to the United States Government was decreased over \$21,300. If net figures of the actual decline in imports of cigar bands and labels under this particular classification could be definitely determined, you would find that instead of a decline of one-third it would represent a vastly greater reduction.

The Dingley rate of 20 cents per pound was already one-third higher than the imported bands could stand, and if the Payne-Aldrich rate, which is 50 per cent higher than the Dingley rate, continues in force it will take less than two years for the complete annihilation of cigar-band importation. The great bulk of cigar-band importation is under the classification above mentioned.

The American lithographer does not need, nor does he use, the present duty to "protect" him, inasmuch as he sells cigar bands in the regular way at a lower price than the importer can produce the same design c. i. f. New York before the duty is paid. The American lithographers merely want a prohibitive duty to increase the size of their market, and their arguments before the Ways and Means Committee which paved the way for the 30-cent rate of the Payne-Aldrich tariff scintillated with misrepresentation, as can be clearly seen in a cursory reading of the same as printed and supplied by the United States Government. The present Ways and Means Committee will be less ready to entertain distorted and unfair testimony to influence the rate under the new law,

PARAGRAPH 412—CIGAR LABELS AND BANDS.

The section of paragraph 412, Schedule M, that is most disastrously affected by the Payne-Aldrich tariff rate is that applied to cigar bands under eight colors and bronze of 30 cents per pound. That branch of imports is doomed to extinction if the present rates are maintained. If a rate of 10 cents per pound should be decided upon, the revenue to the United States Government would be increased several hundred per cent, and, as previously stated, the American lithographer needs absolutely no protection except the selfish protection from intrusion on his monopoly.

Appealing to you for fairness, we are, very truly, yours,

STEFFENS, JONES & Co.
HOMER A. JONES.

BRIEF OF KAUFMAN, PASBACH & VOICE, NEW YORK, N. Y.

NEW YORK, N. Y., *January 28, 1913.*

THE WAYS AND MEANS COMMITTEE OF CONGRESS,
Washington, D. C.

GENTLEMEN: We beg leave to write to you on the subject of duties covering cigar bands and cigar labels; we are thoroughly in accord with the recommendation of the National Association of Employing Lithographers for an increase of the duty on cigar bands to 37 cents per pound, instead of the present duty of 30 cents per pound.

The statement made before your committee to the effect that the domestic manufacturers supply 89 per cent of the cigar labels and cigar bands used is positively not correct.

The writer's experience in this line covers a period of 15 years and we are positive that the European lithographers are exporting into this country at least 65 to 70 per cent of the cigar bands and 25 to 30 per cent of the cigar labels.

The lithographing concerns who specialize on cigar labels and cigar bands find that the European lithographic concerns are able to quote the same prices as domestic firms with the result that the American manufacturers and the industry in general is losing considerable ground. There is a tendency to place orders for cigar bands abroad on account of the workmanship being slightly better.

This is accounted for by the fact that all the classes of labor employed in the lithographic trade in Europe are paid one-fourth of the wages that prevail in the United States.

They can, therefore, (in Europe) afford to be more thorough in lithographing, embossing and cutting in small sections, they employing girls for very many departments where full-fledged journeymen are used in this country.

You undoubtedly are aware of the fact that the lithographic industry throughout the United States is strongly unionized and is working on a basis of 48 hours a week; the average weekly wage is not less than \$25. A reduction in the present rate of duty will positively tend to reduce this wage rate and lengthen the hours of labor to meet the following competition.

Using the figures of Steffens, Jones & Co. (who are one of the largest importers of cigar labels and cigar bands in the United States) who claim that there is a loss to the Government of \$21,300 through the revenue on cigar bands and cigar labels, we desire to go on record by stating most emphatically that this loss in revenue is very, very small compared to the loss of manufacturers of domestic paper, ink, and other lithographic supplies, who are suffering through the fact that Europe exports so large a quantity of cigar labels and cigar bands into this country.

We name herewith a few of the very largest brands of cigars sold throughout the United States and on every one of which imported bands from Germany are used.

Webster.....	30,000,000
Optimo.....	30,000,000
Havana American.....	50,000,000
La Preferencia.....	20,000,000
Sanches-Y-Haya.....	15,000,000
E. Regensburg & Sons.....	30,000,000
Robt. Burns.....	10,000,000
Tom Moore.....	5,000,000
My Favorita.....	10,000,000
R. A. Bachia & Co.....	5,000,000
Arguelles, Lopez & Bro.....	10,000,000
Y. Pendas & Alvarez.....	10,000,000
First Consul.....	5,000,000
Ben Bey.....	5,000,000

PARAGRAPH 412—DECALCOMANIAS.

Of course there are hundreds and hundreds of other brands where manufacturers order 500,000 to 1,000,000 bands at a time imported from Germany. The fact is very plain, therefore, that the present duty is by no means detrimental to the foreign lithographers.

We therefore urge you to consider favorably the increase recommended by the National Association of Employing Lithographers for an increase of duty to 37 cents per pound, and in view of the circumstances above outlined, and to which we are prepared to make affidavit, we feel certain that the increase asked for is but a very small one.

You, furthermore, undoubtedly realize that cigar bands are more of a luxury and not a necessity. We have no desire to enter into personal details except that the affidavits which were submitted to your committee by F. Rodriguez and Max L. Kaufman should hardly be considered large cigar manufacturers.

We can supply you with affidavits from some of the very largest cigar manufacturers contradicting absolutely the statements of the above two mentioned individuals, if so desired.

Thanking you in advance for your favorable consideration, we remain, very truly, yours,

KAUFMAN, PASBACH & VOICE,
Per J. A. VOICE.

DECALCOMANIAS.

BRIEF OF CHARLES W. HARRISON, EAST LIVERPOOL, OHIO.

EAST LIVERPOOL, OHIO, *January, 1913.*

Re decalcomania transfers for decorating china and earthen ware and glass.

To the Ways and Means Committee:

GENTLEMEN: The undersigned begs to submit that these goods are of a kind that specially requires relief from the oppressive rate of duty levied under the tariff act of 1909.

The decoration of china and earthen ware is to-day almost entirely done with these transfers, which are therefore practically raw material to the American potter, who, in his competition with the imported ware, needs the best that can be procured of all such goods, and to restrict this supply by a heavy import duty is to impose on him a heavy handicap, thus penalizing both the American manufacturer and the American consumer.

Nor can it be urged that any large class is benefited by this means or that a high-class product is the result.

If all the transfer sheets used in the American potteries were manufactured in the country the people employed in producing them would not probably exceed 100. At present it is much less, while the sheets produced are entirely cheap reproductions or copies of the imported patterns, and sold at from 10 to 25 per cent less than the originals.

In Europe the manufacture of these transfers has been carried on for many years, and a large class of skilled artists and operatives has grown up, insuring the steady production of high-grade original patterns. This is not a condition that can be produced in a short time nor hastened by the stimulus of a protective tariff.

Under the tariff of 1897 these goods were classified under paragraph 400, which specified lithographic prints, and levied a flat rate of duty of 20 cents per pound weight.

Under the act of 1909 a special clause was inserted in paragraph 412 describing these goods and levying 70 cents per pound weight on patterns printed on stripped or single paper and 22 cents per pound weight on patterns printed on duplex paper, plus 15 per cent ad valorem in each case, thus more than doubling the duty and opening the way to all kinds of uncertainty, inequality, and evasion in the levying of the duties.

In view of all these facts we beg to submit that it would be in the best interests of the largest number if these goods were placed upon the free list.

If the committee, however, does not see its way to recommend this, we trust that it will recommend the abolition of the ad valorem duties and the retention of simple specific duties at rates substantially lower than those at present levied.

Respectfully,

CHAS. W. HARRISON.

PARAGRAPH 412—DECALCOMANIAS.

BRIEF SUBMITTED BY THE TARIFF SERVICE BUREAU (INCORPORATED) WASHINGTON, D. C., CONCERNING DECALCOMANIAS.

TARIFF SERVICE BUREAU (INCORPORATED),
WASHINGTON, D. C., *January 31, 1913.*HON. OSCAR W. UNDERWOOD,
*Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We have the honor to hand you herewith brief in relation to decalcomanias, which is submitted on behalf of Rudolph Gaertner, 200 Fifth Avenue, New York, and East Liverpool, Ohio; Ceramic Transfer Co., by Alfred Munich, 47 West Thirty-fourth Street, New York, and East Liverpool, Ohio; and Translucent Window Sign Co., by Peter May, vice president, 118 West Twenty-third Street, New York.

Very respectfully,

TARIFF SERVICE BUREAU.
HERBERT F. L. ALLEN,
*Vice President.*BRIEF IN RELATION TO DECALCOMANIAS, SCHEDULE M, PARAGRAPH 412, OF THE
TARIFF ACT APPROVED AUGUST 5, 1909.The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.:

The undersigned respectfully request a reduction of the duty on decalcomanias, and in support thereof beg to submit the following statement:

There are two distinct kinds of decalcomanias.

First. Those used for lettering, trade-marks on furniture, machinery, etc., and window signs, commonly called "cold decalcomanias." Of this there is a total annual consumption of at least \$750,000, of which the value of importations annually is about \$60,000.

Second. "Ceramic decalcomanias." These are used exclusively by the domestic potters for decorating their ware, and the consumption of this kind does not exceed annually \$400,000, of which the yearly imports amount to about \$140,000.

There has been a disposition on the part of certain domestic lithographing interests to confuse the mind of the committee as regards the character and use of decalcomanias, and put them on the same plane as other lithographic goods.

The committee should not be misled by such arguments. Decalcomanias stand absolutely alone and apart from any other lithographic productions, and any information submitted to the committee as to cost, production, consumption, or importation of lithographic products in general should not be applied in any sense to decalcomanias.

We shall now discuss ceramic decalcomanias for pottery use.

These are printed from lithographic stones, in ceramic colors, on a special, called "Duplex," paper, and used exclusively for decorating pottery, by the pottery manufacturers of Ohio, New Jersey, Pennsylvania, and Indiana.

The first ceramic decalcomanias were manufactured in France, Germany, and England about 25 years ago and the importation into this country began in small quantities about 15 years ago.

At that time the domestic pottery manufacturers sold two-thirds of their output in white ware. Comparatively little decorating was done, and that by more or less crude printing from copper plates or hand painting. Meanwhile the European potters were turning out decalcomania decorated ware, which instantly grew in demand in this country. The domestic potter immediately recognized the great advantages of decalcomania decoration, namely, lower cost of decoration and a greater variety of artistic designs—the creation of the best talents of Europe—to select from.

The use of decalcomania decoration gave the domestic pottery product the appearance of imported china or earthen ware, and put the American manufacturer in position to compete, on an artistic basis, with imported crockery.

The demand created by the imported decorations induced domestic manufacturers of lithographs to produce decalcomanias, but they confined themselves to copies and imitations of the European designs, and consequently were compelled to market their product at a much lower price.

Prior to the present tariff act there was no *eo nomine* provision for decalcomanias as such. For a long period of years they had been uniformly assessed as lithographic

PARAGRAPH 412—DECALCOMANIAS.

prints. Such was their official classification under paragraph 400 of the Dingley Act, paying 20 cents per pound as lithographed prints not exceeding eight one-thousandths of 1 inch in thickness. Domestic interests importuned the Treasury Department to shift this classification to some paragraph carrying a higher rate of duty, and when this program failed they resorted to the Board of General Appraisers and the courts. The enlightening history of this persistent effort (during the continuance of which importers were compelled to pay illegal rates of duty under protest) is exposed and laid bare in the case of *United States v. Borgfeldt*, decided in October, 1911, by the United States Court of Customs Appeals (2 Ct. Cust. Appls., 197).

An extract from this decision is attached to this brief without further comment. (Exhibit A.)

When the present tariff act was framed the domestic interests asked for a duty of \$2.50 per pound, which would have been equal to about 90 per cent ad valorem upon the majority of the sheets imported. The House bill contained the rate of 80 cents per pound. We thereupon offered to prove to the Finance Committee of the Senate that such a duty was neither necessary nor justified. In this we were ably seconded by the domestic potters, who appeared with us before the Senate Finance Committee, and candidly stated that they needed the great variety of artistic designs to be found only among the imported decalcomanias in order to compete with imported chinaware. Notwithstanding this showing, the tariff act of August 5, 1909, imposed the rate of 70 cents per pound and 15 per cent ad valorem on decalcomanias in ceramic colors, weighing not over 100 pounds per 1,000 sheets, and the rate of 22 cents per pound and 15 per cent ad valorem upon such decalcomanias weighing over 100 pounds per 1,000 sheets. The duty as finally arranged was equivalent to an average of 42 and 47 per cent on the majority of the sheets imported. It meant, moreover, as above stated, an increase of 100 per cent over the rate provided for them in the Dingley bill.

THE NEW AND HIGHER RATE HAS OPERATED MOST OPPRESSIVELY AND HARSHLY.

In the hearings before the Ways and Means Committee four years ago (T. H., 60th Cong., Schedule M, p. 6155) Mr. Otto Palm, who is both an importer and manufacturer, stated that the imports of decalcomanias of all kinds—i. e., decalcomanias for pottery and for other uses as window signs, letters, etc.—amounted to \$400,000 and the consumption about \$800,000, and the figures given by the domestic interests (Mr. Meyercord) were even larger, and Mr. Meyercord even then admitted (T. H., Schedule M, p. 6148) that he had almost a monopoly of the market and was not at a disadvantage.

In decalcomanias other than ceramic, as mentioned above, the domestic manufacturers do 95 per cent of the business, as the official figures show that only \$60,000 worth were imported from June 30, 1911, to June 30, 1912, and they are now doing one-half of the business in ceramic decalcomanias.

The official statistics prior to August 5, 1909, do not show separately the imports of ceramic decalcomanias, only the whole imports of lithographs, but we, the undersigned, the largest importers of this line, know from our own books that the imports were never less than \$250,000, and they fell off (according to the official figures compiled since 1909) to \$140,000. In other words, the imports have fallen off at least 40 per cent, relatively an enormous shrinkage.

The domestic decalcomania factories did not gain anything by this procedure. Their output has hardly increased, and the potters have been compelled to use gold stencils or other means of decorating, with a consequent loss, as they are deprived of cheap decalcomania sheets to decorate the cheaper lines which their trade demands.

We operate a small factory in Trenton, N. J., where we print some varieties of decalcomanias, and we have therefore knowledge of the cost of production here as well as abroad. With all this in mind, we respectfully insist that, with the ceramic decalcomanias, it is not the difference in the price, but the artistic value of the designs which the domestic pottery industry must have, and which must be given due consideration.

We claim—and we court the fullest investigation upon this point—that we are in fact an indispensable part of the domestic pottery industry, since we create their decorations, and we are considered as such by the leading manufacturers. We spend every year thousands of dollars for the production of artistic designs, and we are in a position to avail ourselves of the best ideas flowing from the combined efforts of the best talent of Europe, all of which by opening the market to the imported product is of benefit to domestic potters.

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Furthermore, we have no protection whatever under the United States copyrights laws, and in the years past the domestic manufacturers have consistently and persistently copied and offered for sale to the potters designs brought over by importers at a reduction in price from 10 to 40 per cent below that which the importers must receive after paying the present duty.

During the past year the importers submitted to the potters probably 250 new designs, and it is very doubtful whether in the same period the domestic decalcomania manufacturers brought out more than 10 designs owing to their inability to create them.

It has been stated to the committee that the product of the lithographic industry is a luxury. It can easily be seen that ceramic decalcomanias are not a luxury, but a most important necessity.

In a brief submitted to the Committee on Ways and Means by Mr. W. E. Wells on behalf of the American potters there appears the following statement by Mr. William Burgess:

"The difference in cost of decorating is becoming more and more important, because of the fact that from 75 to 80 per cent of the output of the American factory is now decorated." (P. 373, Hearings on Earthenware, and Glassware, Jan. 8, 1913.)

When it is considered that 80 per cent of American and 90 per cent of imported chinaware is decorated, and that the American potter can not compete with the imported decorated chinaware, without having available for his use at reasonable prices the same decoration as the manufacturers abroad, it is evident that decalcomania decoration for chinaware is not a luxury, but a necessity.

We submit that the change in duty from 20 cents per pound in the Dingley bill to the high rates of the tariff act of August 5, 1909, has resulted:

First. In a reduced consumption of decalcomanias from imports of \$250,000 to \$140,000, while the domestic production has not increased at all.

Second. In a disadvantage to the domestic potters, and ultimately the consumer, because the increase in price on a diminished supply has made it impracticable for the domestic potter to use this particular class of artistic decoration to the same extent as under the 20-cent rate, and therefore he has been less able to compete with imported china and crockery ware.

Third. The present law has not given employment to more people.

Fourth. The new and higher rates on decalcomanias has produced no greater revenue than under the lower rate of 20 cents per pound.

We respectfully urge that the old rate of 20 cents per pound for decalcomanias in ceramic colors be restored, and by doing so produce the following results:

First. Decalcomania, an article of necessity, would be placed on a competitive basis.

Second. By such competition there would be a benefit to the manufacturer of pottery and ultimately the consumer.

Third. By increasing the importations there would be an increase in the revenue to the Government.

We will now discuss decalcomanias other than ceramic.

As already indicated in the opening paragraph of this brief, in addition to ceramic decalcomanias there is to be considered still another product known to the trade as cold decalcomanias. Cold decalcomanias are printed in vegetable colors, and are used as trade-marks on typewriters, sewing machines, agricultural implements, and pianos, and for window signs, and generally for decorative purposes. In some instances such decorations must have a metal backing to bring out the figures, which otherwise would be indistinct upon the dark background.

The existing tariff law thus distinguishes between these two varieties:

"Decalcomanias in ceramic colors, weighing not over one hundred pounds per thousand sheets on the basis of twenty by thirty inches in dimensions, seventy cents per pound and fifteen per centum ad valorem; weighing over one hundred pounds per thousand sheets on the basis of twenty by thirty inches in dimensions, twenty-two cents per pound and fifteen per centum ad valorem; if backed with metal leaf, sixty-five cents per pound; all other decalcomanias, except toy decalcomanias, forty cents per pound."

Under the official construction adopted by the customs authorities cold decalcomanias have been assessed at 65 cents per pound and at 40 cents per pound, according as they were or were not backed with metal leaf.

We submit that an investigation of the cold decalcomania market conditions prevailing under the act of 1897 demonstrates conclusively the existence of healthy com-

PARAGRAPH 412—DECALCOMANIAS.

petitive conditions at that time, and the entire absence of all reason to increase the duty on the plea of needed protection to the American industry. During the lifetime of the Dingley law the lithographic rate imposed upon our goods was 20 cents per pound, the rate provided under paragraph 400 of the act of 1897 for lithographic prints not exceeding eight-one-thousandths of one inch in thickness, and this was the classification upheld by the Federal courts. With this rate of duty—20 cents per pound—American manufacturers had every incentive to build factories, and they found no difficulty whatever in appropriating even then the lion's share of the cold decalcomania trade. They underbid the importers at all times, and the limited sale of the imported goods was based chiefly on superior quality and design. In a word, American manufacturers gave every evidence of prosperity. It should be said that the bulk of this domestic trade is in large lots, and in this respect American manufacturers have had an advantage which amounts to monopoly. The trade in the imported decalcomanias, especially under present conditions, is chiefly limited to orders for small lots.

Official statistics showing the volume of importation of cold decalcomanias under the Dingley law are not available, because such goods were classified under the head of lithographic prints generally. In statements by manufacturers of this line, made to the Committee on Ways and Means in 1908, it was shown that the annual consumption of decalcomanias in this country was then about \$800,000 in value, and that the annual importation amounted to approximately \$300,000. Official statistics do show, however, that since August 5, 1909, under the existing law, the importation of cold decalcomanias has scarcely averaged in value \$62,000 per year for the past three years. In other words, under the prevailing high and almost prohibitive rate, importations have so dwindled as to be relatively petty and insignificant. It is obvious then that only by materially reducing the present rate can competition in this line be restored and the American consumer exercise his choice of purchase upon a scale of prices based upon live competitive conditions. Briefly stated, we ask this honorable committee at least not to impose rates in excess of the Dingley law rate, under which our domestic competitors were not injured as the factories erected and maintained under that law conclusively show. There is every probability that a return to this rate would, moreover, produce additional revenue to the Government by reason of the increased volume of importations. The distinction existing in the present law between decalcomanias with metal leaf backing and those without should be eliminated. It is, of course, apparent that the metal leaf backing substantially increases the weight, thereby enhancing considerably the amount of duty.

By way of summary, then, in view of the fact that importations have dwindled, as shown above; that the American manufacturers did thrive under the old rate; that a greater revenue must result from a return to that rate; and finally that the consumer in the end will be the beneficiary, we feel that we have made out a case which amply justifies us in requesting your committee to wipe out the present decalcomania duty, which is almost prohibitive, and to restore the 20 cents per pound rate with no discrimination as to metal backing. Finally, we wish to emphasize that we are not asking to have the duty removed. We are quite content to contribute to the revenue of the Government. We are asking, however, for what we have not had under the present law—a fair chance to exist under normal competitive conditions.

RUDOLPH GAERTNER,
New York, N. Y., and East Liverpool, Ohio.
CERAMIC TRANSFER CO.,

By ALFRED MUNICH,
New York, N. Y., and East Liverpool, Ohio.
TRANSLUCENT WINDOW SIGN CO.,

By PETER MAY, *Vice President, New York, N. Y.*

EXHIBIT A.

[Extract from decision in case of *United States v. Borgfeldt.*]

Decided in October, 1911, by the United States Court of Customs Appeals (2 Ct. Customs Appeals, 197).

If we had any doubt as to whether the decalcomanias under discussion are properly dutiable as lithographic prints, that doubt would be dispelled by what seems to have been a very long-continued departmental practice. The tariff provision for lithographic prints appeared for the first time in the tariff act of 1890. From the date of the passage of that act until the year 1907, a period of 17 years, decalcomanias were assessed for duty as lithographic prints. Their classification as such prints seems to have been

PARAGRAPH 412—DECALCOMANIAS.

questioned for the first time about the year 1903 by the firm of Wakem & McLaughlin, of Chicago. This firm, representing Meyercord & Co., imported certain decalcomanias, which were classified by the collector as lithographic prints and accordingly assessed for duty of 20 cents per pound under paragraph 400 of the tariff act of 1897. The importers, frankly admitting that they represented domestic manufacturers of decalcomanias and desired a higher rate of duty, protested that the goods were labels printed in whole or in part of metal leaf and therefore dutiable at 50 cents a pound. The Board of General Appraisers overruled the protest, but its decision was subsequently reversed by the Circuit Court for the Northern District of Illinois, Kohlsaat, judge, no opposition being presented by the Government. The decision of the circuit court, however, was not followed by the Treasury Department, which, after taking the opinion of the Attorney General, announced that it was not incumbent upon the department to accept the ruling of the court and instructed customs officers to continue to impose the rate of 20 cents per pound on such merchandise as lithographic prints. (T. D. 25848.)

The practice of classifying decalcomanias as lithographic prints was not again disputed until the year 1907. In that year Hempstead & Sons, representing, it seems, the same Meyercord Co., imported decalcomanias at Philadelphia, which were returned by the local appraiser as "surface-coated paper, printed," and assessed for duty at the rate of 3 cents per pound and 20 per cent ad valorem under the provisions of paragraph 398. The importers claimed that the merchandise was properly dutiable at 20 cents per pound as lithographic prints under the provisions of paragraph 400. On the hearing before the board the importers offered no evidence or testimony to sustain their contention or to support their protest. Special counsel, representing the Meyercord Co., appeared, however, at the hearing and contended that neither the rate of duty assessed by the collector nor the rate claimed by the importers was correct. It was argued that mineral colors were used in printing the articles and that they should be assessed at the rate of 45 per cent ad valorem as articles in chief value of metal under the provisions of paragraph 193. The board declared the claim of special counsel to be without merit, and deciding that the decalcomanias were lithographic prints, sustained the protest. From this decision an appeal was taken to the United States Circuit Court, Eastern District of Pennsylvania, and in February, 1908, the court, after taking evidence in what was really an ex parte proceeding, found that the decalcomanias were surface-coated paper wholly or partly covered with metal, dutiable under paragraph 398, and a distinct article of commerce different for lithographic prints and printed matter both in manufacture and use.

A reading of the decision in that case in the light of the very complete record in this case leads us to the conclusion that the learned district judge was deprived of the advantage of a bona fide contest and that his findings of fact were based on a one-sided presentation of issues involved. We can not, therefore, give to his decision the weight which it certainly would have been entitled to receive had there been a genuine litigation of the matter. For the same reason that decision can not be considered as neutralizing the legal effect of the long-continued, uninterrupted, and well-established departmental practice which had theretofore existed.

BRIEF OF NEUMANN & HADLEY, NEW YORK, N. Y.

NEW YORK, January 30, 1913.

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As dealers in surface-coated paper and making a specialty of decalcomania paper, we desire to confirm that the statements made by Mr. George Meyercord, on behalf of the National Association of Employing Lithographers, are absolutely correct. On pages 2222 and 2223 Mr. Meyercord presents the situation as it exists with regard to decalcomania paper. The decalcomania paper—for ceramic printing—is a patented article abroad, and we know for a fact that the foreign makers would not consider for a moment the establishment of a plant in America for the manufacture of this paper. We endeavored to induce the manufacturers (whom we now represent) to make this paper in America, but they refused to consider the establishment of a plant in America for the manufacture of this paper, and as the duty on the size sheets the American manufacturer use is equivalent to almost a cent a sheet, and as this is a direct charge to the American decalcomania manufacturers to such an extent that it wipes out one-third of the protection they enjoy, and as the duties on color, which is a large item in their manufacture, is one that practically wipes out the rest of the protection, it practically, to our certain knowledge, puts this labor almost on the free list.

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We believe that the Government would get a great deal more revenue by permitting the decalcomania paper to go on the free list, thus enabling the American manufacturer to get a little protection for his labor, and that the duty collected on the added volume of colors used would more than compensate for the revenue lost on the paper.

To our certain knowledge we know that the various ceramic decalcomania printed in America have practically discontinued printing, with the exception of one important concern in Chicago, who, we understand, lost money under this present tariff attempting to compete with the foreign maker, and if this establishment does not continue the American potters will be at the mercy of the foreign makers of decalcomania, and we therefore recommend that decalcomania transfers be placed on the free list, as we surely believe that the saving to the American maker would, in other imports that they use, more than compensate the Government several times over for the little loss of revenue sustained by placing this particular paper on the free list, and as decalcomania transfers are a necessity, and this would enable the American manufacturer to secure his raw material cheaper, it would have a benefit to the users of decalcomania transfers.

Yours, very truly,

NEUMANN & HADLEY.

BRIEF OF THE CROXALL CHEMICAL & SUPPLY CO., ON DECALCOMANIAS.

EAST LIVERPOOL, OHIO, *December 27, 1912.*

To the WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We beg to call your attention to the oppressive and prevailing duty levied on these goods under the tariff act of 1909.

These transfers are used exclusively for the decoration of earthenware and china, and fully 80 per cent of the decorated ware sold in this country are decorated with these transfers and are, therefore, in every sense of the term, raw material to the American potter, who, in competition with the imported finished earthenware and china, must have the very best raw material he can procure, without being hampered or penalized, to enable him to compete in his own market with European goods.

There is positively no large class benefited by the high duty that is now imposed. On the other hand, the American potter is very seriously handicapped. There is but a very small quantity manufactured in this country, and these are but very cheap imitations and copies of the original product, and if all sheets that are required by the American potter were manufactured on this side, it is doubtful if more than 100 people would be employed, while over 20,000 American workmen are now directly affected by this high duty.

In Europe the manufacture of these transfers has been carried on for years. Skilled artists and operators have grown up with the business, insuring the study production of this high grade of original patterns, and they are also favored by the climatic conditions which are very essential in the manufacture of these goods.

These decalcomania transfers were formerly specified under paragraph No. 400 in the tariff of 1897, at a flat rate of duty of 20 cents per pound. Under the act of 1909, without any apparent cause or justification whatever, a special clause was inserted in paragraph No. 412 levying a duty of 70 cents per pound weight plus 15 per cent ad valorem, thus considerably more than doubling the duty and opening the way to all kinds of uncertainties in the business.

To convey to you an idea of the vast importance of this matter, we can truthfully state that fully 90 per cent of the decorations which will be sent out on the 1st of January to the trade by the American potters are decorated with this imported decalcomania, and in case that these should be withdrawn from the market entirely, it would be one of the most disastrous blows that could be given this industry, as it would simply close up their factories for the time being for want of this raw material, which they necessarily must have to market their wares.

In view of all these facts, we beg to submit to your honorable body that, in the best interests of the largest number, that these goods be placed upon the free list, which, we assure you, will prove of the greatest possible benefit to the American potter, who must not only be protected on his finished goods in the way of duty, but also must have access to the foreign market for his raw material to enable him to finish his ware in such manner that he can dispose of it in his own market.

Respectfully submitted.

THE CROXALL CHEMICAL & SUPPLY CO.

PARAGRAPH 413—WRITING PAPER.

PARAGRAPH 413.

Writing, letter, note, handmade paper and paper commercially known as handmade paper and machine handmade paper, japan paper and imitation japan paper by whatever name known, and ledger, bond, record, tablet, type-writer, manifold, and onionskin and imitation onionskin papers calendered or uncalendered, weighing six and one-fourth pounds or over per ream, three cents per pound and fifteen per centum ad valorem; but if any such paper is ruled, bordered, embossed, printed, lined, or decorated in any manner, other than by lithographic process, it shall pay ten per centum ad valorem in addition to the foregoing rates: Provided, That in computing the duty on such paper every one hundred and eighty thousand square inches shall be taken to be a ream.

WRITING PAPER.

BRIEF OF SUNDRY PAPER MANUFACTURERS.

BRIEF.—IN THE MATTER OF TARIFF ON PAPER, MORE PARTICULARLY ON GRADES KNOWN AS WRITING AND COVER PAPER, REFERRED TO PRINCIPALLY IN SCHEDULE M, SECTION 413, AND ADDITIONALLY IN SECTIONS 411, 414, 415, IN THE TARIFF ACT OF AUGUST 5, 1909.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.:

This brief represents the views of the following companies making these grades of papers: American Writing Paper Co., Holyoke, Mass.; Aetna Paper Co., Dayton, Ohio; Beckett Paper Co., Hamilton, Ohio; Berkshire Hills Paper Co., Adams, Mass.; L. L. Brown Paper Co., Adams, Mass.; Byron Weston Co., Dalton, Mass.; Carew Mfg. Co., South Hadley Falls, Mass.; Chapin & Gould Paper Co., Springfield, Mass.; Chemical Paper Co., Holyoke, Mass.; Crane Bros., Westfield, Mass.; Z. & W. M. Crane, Dalton, Mass.; Crane & Co., Dalton, Mass.; Crocker-McElwain Co., Holyoke, Mass.; C. H. Dexter & Sons, Windsor Locks, Conn.; Eastern Mfg. Co., Bangor, Me.; Esleeck Mfg. Co., Turners Falls, Mass.; Fox River Paper Co., Appleton, Wis.; Gilbert Paper Co., Menasha, Wis.; Hammermill Paper Co., Erie, Pa.; Hampshire Paper Co., South Hadley Falls, Mass.; Hawthorne Paper Co., Kalamazoo, Mich.; Kalamazoo Paper Co., Kalamazoo, Mich.; Keith Paper Co., Turners Falls, Mass.; Lee Paper Co., Vicksburg, Mich.; Millers Falls Paper Co., Millers Falls, Mass.; Mountain Mill Paper Co., Lee, Mass.; Mount Holly Paper Co., Mount Holly Springs, Pa.; Neenah Paper Co., Neenah, Wis.; W. B. Oglesby Paper Co., Middletown, Ohio; Old Berkshire Mills Co., Dalton, Mass.; Parsons Paper Co., Holyoke, Mass.; Plover Paper Co., Menasha, Wis.; Poland Paper Co., Mechanic Falls, Me.; B. D. Rising Paper Co., Housatonic, Mass.; Riverside Fibre & Paper Co., Appleton, Wis.; Southworth Paper Co., Mittineague, Mass.; Strathmore Paper Co., Mittineague, Mass.; Taylor-Burt Co., Holyoke, Mass.; Valley Paper Co., Holyoke, Mass.; Worthy Paper Co., Mittineague, Mass.; Howard Paper Co., Urbana, Ohio; Russell Falls Paper Co., Russell, Mass.; Knowlton Bros., Watertown, N. Y.; Niagara Paper Mills, Lockport, N. Y.; Peninsula Paper Co., Ypsilanti, Mich.; District of Columbia Paper Co., Washington, D. C.; Advertisers Paper Mills, Holyoke, Mass.; Bardeen Paper Co., Ostego, Mich.; A. H. Hubbard Co., Norwich, Conn.; Chas. S. Boyd Paper Co., Appleton, Wis.

These 50 companies represent some 88 mills, employing about 16,000 operatives; wages paid per year, about \$10,000,000; capital invested, about \$54,000,000.

I. Classification.—We beg to call your attention to our request that the present classification of papers as laid down in the tariff act of August 5, 1909, be adopted as the basis of any new act. This classification was arrived at after much study, argument, and arrangement, and has been in force for such a period of time as to not only permit all interested to become familiar with it and adjust themselves to it, but more particularly to permit the Government experts and officials to get foreign papers of entry properly classified under it, which involved long hearings before referees, taking much time and attention of the manufacturers and importers. We therefore submit that nothing is to be gained by a reclassification, but much difficulty, argument, and valuable time is to be saved by keeping the present classification.

PARAGRAPH 413—WRITING PAPER.

II. We beg further to direct your attention to the methods of assessing tariff, viz, specific and ad valorem. In our judgment the more important tariff for our grades of paper is the specific assessment, since such a method obviates the dangers of undervaluation (which the ad valorem, if assessed alone, fosters) and gives the American manufacturer some definite idea of the conditions he has to meet in his competition without regard to constantly changing invoice charges and valuations. The ad valorem assessment has its definite value in changing grades of the same qualities of paper, but can never meet the situation as well as the specific either from the revenue or protective point of view. But practice has established the value of both methods, and, while strongly advocating the higher values of the specific, we respectfully suggest that the established practice on these grades of paper be maintained.

III. *Labor conditions.*—The conditions under which labor is performed should have weight when the matter of tariff on writing paper is under consideration. These conditions are better than those in almost any other industry. The departments in our mills which work 24 hours per day are run on three shifts of 8 hours each, and in those departments which work only days the 9-hour day prevails. No children are employed, and women work 50 to 54 hours per week. No women or minors are employed at night. The work done by women is light and not injurious to health. The mills are well lighted and ventilated and no injurious fumes or gases are employed in the process.

The following comparisons indicate the conditions in America as contrasted with those in Germany, which country will be the chief gainer by lowering the tariff on these grades of paper. The statistics as to German wages are obtained from a report of the German Imperial Government supplying labor item of German mills for the year 1910, and as incorporated in a report by the United States consul general, Robert P. Skinner.

	Germany.	America.
Skilled labor.....cents per hour..	8-16	25-50
Unskilled labor.....do.....	6-11	13-25

In addition to which skilled and unskilled labor in America works shorter hours than similar labor in Germany. This is a very strong proof that labor has obtained a large share of any benefit from the tariff act, and if the tariff is reduced on these papers, labor must eventually give up a portion of its gain.

Any substantial reduction in the duties on writing paper, allowing the importation of foreign-made paper will work a very serious hardship to both the owners and the employees of the writing-paper mills, the more so as these people are not the floating population that can readily go into other industries or return to Europe. They are American-born people living in their own homes and absolutely dependent on the mills for the comfortable conditions they now enjoy.

IV. *Raw materials.*—We beg further to call your attention to the fact that the raw material from which these papers are made, viz, rags and sulphite pulp, must be imported in a very large per cent from the foreign countries which are our largest competitors on these grades of papers. On these importations, amounting in 1912 to over 100,000 tons of rags alone, must be paid at least one profit to the importer that the foreigner does not pay, as well as freight to this market. It is an obvious fact, therefore, that in importing these raw materials and paying much higher wages in the manufacture from them of these grades of paper the American manufacturer is at a decided disadvantage.

V. *Present competition.*—Under the present tariff act of August 5, 1909, the competition from foreign countries on these grades of paper is already severe; and with the necessity now existing and which will continue to exist of large importations of raw materials, and with the present rate of wages and hours, now very materially better in America in our paper mills than in those of our foreign competitors, it is very plain that with any reduction in the tariff on these grades of papers there can be but three conclusions: First, the production of these grades of papers must decrease, thus throwing a certain amount of American labor out of work; secondly, the per cent of profit to capital invested,

PARAGRAPH 413—ONIONSKIN PAPER.

now not excessive, must be materially reduced; or thirdly, the wages of labor in these mills must be materially reduced.

It appears to us, therefore, that these reasons, simply stated but of truth and weight, offer very vital reasons why this Schedule M, especially as it applies to sections 411, 413, 414, and 415, should remain unchanged.

Very respectfully submitted.

BRIEF OF DENNISON & SONS, NEW YORK, N. Y.

New York, November 18, 1912.

The CHAIRMAN OF THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: We understand that your committee or others under its supervision are already formulating changes in the tariff on imported goods, and we take this early opportunity to call your attention to a defect in our present customs laws which needs correction. Perhaps a statement of a specific case will make the defect plainer.

We will therefore state that about six months ago we imported from England several cases of writing paper, and as the paper came from a well-known manufacturer in England we accepted the goods and paid for them without giving them a thorough examination. When it became necessary to use the goods we found the paper was imperfect in this respect, that the sizing was very poor, so that the ink spread on the surface of the paper when writing on it. We complained to the manufacturer and he acknowledged that the paper was defective and expressed a willingness to make it right if we would send the paper back to him, by resizing it.

We applied to the customs authorities for a permit to send the paper back to England, and, after the defect was corrected, to bring it in a second time free of duty. We had already paid the duty in the first instance and we thought it unfair to be compelled to pay duty the second time on the same lot of paper. The customs division of the Treasury Department informed us that we would not be permitted to send the paper back to England for the purpose of having the defects corrected and then bring it back here without paying duty a second time.

We still have the paper on hand and having paid the English manufacturer, and paid the duty to the United States, we have goods which are utterly worthless in their imperfect condition; the English manufacturer is willing to correct the defect, but our Government insists on our paying double duty before the English manufacturer can be permitted to correct the defect.

This simple explanation should be sufficient to show that merchants importing goods which prove to be defective should be permitted to return them to the manufacturer abroad without paying duty twice on the same goods, and we trust your committee, in framing the changes in the tariff law, may provide for such contingencies.

Respectfully submitted.

C. M. D.
P.

DENNISON & SONS,
By C. M. DENNISON, *President.*

ONIONSKIN PAPER.**BRIEF OF ESLEECK MANUFACTURING CO., TURNERS FALLS, MASS.****MANIFOLD AND ONIONSKIN PAPERS.**

[Supplementary to the brief submitted on writing papers, sec. 413.]

Hon. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.:

Our business was established 11 years ago.

For 5 years we ran our business at a serious loss, as we were obliged to establish a market for this class of papers.

To our knowledge no colored manifold papers were imported until after we began to manufacture them. Since that time the Germans have established themselves in this country through agencies and are aggressively pushing the

PARAGRAPH 415—WALL PAPER.

sale of this class of paper in both white and colors, and at prices far below the cost of American papers.

Should this class of papers, viz, manifold and onionskin, that take the place of copying papers to a very great extent, carry the same duty as copying paper, viz, 5 cents per pound and 15 per cent ad valorem, it would work no hardship on the importer, as he could then undersell the American manufacturer.

Again, the tariff as it now is, viz, 3 cents per pound and 15 per cent ad valorem, is not felt by the consumer; the average weight of manifold and onionskin papers is about 2 pounds to 500 sheets of letter size, 8½ by 11 inches.

An individual or concern sending out 500 letters a day and making a carbon copy of each letter would save, provided he or they received the full benefit of the entire removal of the tariff, about 6 cents and a fraction per day. The same reduction would hopelessly put us and every manufacturer of fine writing papers out of business.

We submit the above to your honorable committee, as we believe your aim and purpose is to frame a tariff that will be equitable in its operation, inflicting no hardship on the consumer, and at the same time preserve the industries of our common country.

Respectfully submitted.

ESLEECK MANUFACTURING Co.
A. W. ESLEECK, *Treasurer*.

TURNERS FALLS, MASS.

PARAGRAPH 414.

Paper envelopes not specially provided for in this section, folded or flat, if plain, twenty per centum ad valorem; if bordered, embossed, printed, tinted, decorated, or lined, thirty-five per centum ad valorem.

PARAGRAPH 415.

Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, cardboard, and bristol board, thirty-five per centum ad valorem; press boards or press paper, valued at ten cents per pound or over, thirty-five per centum ad valorem; paper hangings with paper back or composed wholly or in chief value of paper, twenty-five per centum ad valorem; wrapping paper not specially provided for in this section, thirty-five per centum ad valorem; paper not specially provided for in this section, thirty per centum ad valorem: Provided, That paper embossed, or cut, die-cut, or stamped into designs or shapes, such as initials, monograms, lace, borders, bands, strips, or other forms, or cut or shaped for boxes, plain or printed but not lithographed, and not specially provided for in this section, shall be dutiable at thirty-five per centum ad valorem; articles composed wholly or in chief value of paper printed by the photogelatin process and not specially provided for in this Act, three cents per pound and twenty-five per centum ad valorem.

WALL PAPER.

TESTIMONY OF HOWARD M. HESTON.

The witness was duly sworn by the chairman.

Mr. HESTON. Mr. Chairman, I should like to ask for a division of the time allotted to the wall-paper industry between myself and Mr. George Keim, the vice president of the Gledhill Wall Paper Co., of New York.

The CHAIRMAN. We can not divide your 10 minutes. If we did that, we would get into interminable trouble. We are willing to allow one witness to surrender his time to another witness, but we can not allow you to divide your time. If the other gentleman to whom you refer desires to appear before the committee, he will have to take his place at the end of the list.

PARAGRAPH 415—WALL PAPER.

Mr. HESTON. Mr. Chairman and members of the Ways and Means Committee, I desire to address you on paragraph 415 of Schedule M, in the matter of wall paper.

In 1908, by a like committee from your honorable body, wall-paper manufacturers of the United States were accorded a hearing, and the plaint at that time was for an increased duty, necessary, seemingly, to insure our vitality. Since then, or within four years, no new ventures into the manufacturing realm have occurred. On the other hand, four concerns have ceased to exist. One of these probably represented greater wealth and assets than any other in the industry and who no doubt determined to cease a losing business. The others went through bankruptcy.

Nor are the conditions any better to-day than in 1908, therefore the wall-paper manufacturers of the United States, desirous of being fair, ask favorable consideration for their appeal, suggesting a reasonable tariff protection to the industry. The judgment of your committee in your recommendations we are sure is to be prompted by the highest motives and a desire to maintain an honest industry rather than to offer oppression to any, so that in presenting our full argument as set forth in the brief that we have filed I shall attempt simply to call attention to a few commanding features.

First. The fact that we pay wages averaging three times as large as those paid by European manufacturers, whose skilled labor costs them only \$7.80 to \$9.20 per week, while we pay an average of \$24 to \$27 per week for the same class of help. It is to be assumed that their unskilled labor is paid in the same proportion. Then, too, we are compelled to guarantee employment for the entire year, while the European manufacturers employ labor only as they actually require it.

Second. The entire exports from foreign manufacturers to this country for the year ending June 30, 1912, were \$825,162, while our exports to European countries were only \$51,328, thus demonstrating that we can not compete with them in their own markets, notwithstanding the strenuous efforts we have made to do so. Our imports from European countries have increased from \$244,000, in 1902, to \$825,000, in 1912, representing about 330 per cent increase in the decade.

While the proportion of the imports which amounted to \$825,000 in 1912 may not seem large at first glance as compared to the total business of our manufacturers, \$13,000,000, it must be remembered that at least 75 per cent of our product is sold at actual or less than cost, and that the competition from the European manufacturers is, therefore, directed against the remaining \$3,250,000 upon which we look for a reasonable margin of profit, and that, consequently, our importation of \$825,000 against a production of \$3,250,000 materially affects the result, and as the importations continue to increase each year the situation bids fair to become worse instead of better, unless we obtain some relief.

Third. On raw materials entering into the manufacture of wall paper, the duty is in some cases 50 per cent, while the wall paper, of which said raw materials form the main cost, is brought in at a duty of 25 per cent. When I speak of raw materials I refer to materials which are probably finished products in themselves, but which are

PARAGRAPH 415—WALL PAPER.

raw materials when it comes to the matter of manufacturing wall paper.

Mr. HARRISON. Have you a list of the articles you call raw materials?

Mr. HESTON. I have a list in my brief.

Mr. HARRISON. Will you be kind enough to file the list?

Mr. HESTON. My brief incorporates them.

The fourth feature to which I desire to call your attention is the following:

Statistics on file in the Bureau of the Census, Department of Commerce and Labor, prove the assertion that manufacturing wall paper requires a capital of \$1 for every dollar's worth of goods manufactured. Thus, on a capital of \$13,000,000 we produce an output of \$13,000,000, making the risk a hazardous one for the returns obtained.

Mr. FORDNEY. What is the amount of your annual production?

Mr. HESTON. The annual production is \$13,000,000, and we have to care for that with a capitalization of equal amount.

The fifth feature to which I desire to call your attention is the protection against undervaluation of imported paper.

At the present time the manufacturer has no means of knowing whether imported goods are coming in with proper valuation attached or not. Progress has been made through the aid of the collector of the port of New York in an endeavor to get in touch with the situation, and we still hope that the manufacturers of this country may be acceptable as advisers and will secure such further encouragement as will show a sincere desire on the part of the Government to correct any abuses or inaccuracies that may exist.

Sixth. Whatever changes may be made in the tariff will in all probability remain in force for many years, and therefore unless we succeed in showing the wisdom of additional protection now, the industry is liable to be seriously affected and the capital employed imperiled.

Under these circumstances I ask your careful consideration of our plea and hope that you can consistently advance the duty on wall paper to 35 or 40 per cent ad valorem.

Mr. PALMER. Is your present consumption in this country about \$13,000,000?

Mr. HESTON. \$13,000,000.

Mr. PALMER. That is the production, and the consumption is not far from that?

Mr. HESTON. It is about——

Mr. PALMER (interposing). Eight hundred thousand more?

Mr. HESTON. Yes; I should think so.

Mr. PALMER. So that the imports to-day are about 5 per cent of the domestic production?

Mr. HESTON. No; I would answer that question differently——

Mr. PALMER (interposing). About 6 per cent?

Mr. HESTON. No, sir. I would say to you in answer to your question that imported wall paper is a luxury. I would say that imported wall paper comes under the class of goods bought by people of means, who say there is nothing equal to foreign goods, particularly when it

PARAGRAPH 415—WALL PAPER.

comes to wall paper. I would say to you further that this imported wall paper represents 25 per cent of our product. I would say that the imported wall papers—

Mr. PALMER (interposing). You said the imports are about \$800,000?

Mr. HESTON. \$825,162.

Mr. PALMER. And the domestic production is about \$13,000,000?

Mr. HESTON. Yes, sir; and, I would say further—

Mr. PALMER (interposing). The imports are about 6 per cent, or a little more, of the domestic production?

Mr. HESTON. As the figures would suggest; yes; but I would say to you further that this imported wall paper comes in competition with 25 per cent of our product. The imported wall paper is of a better grade, and the better grade which comes into this country represents about 25 per cent of our industry, or \$3,250,000.

Mr. PALMER. Then, as to the cheaper grades of wall paper, the present rate is absolutely prohibitive, is it?

Mr. HESTON. The present rate is not prohibitive, simply because in this country there is an overproduction.

Mr. PALMER. At least there is no importation of the cheaper grades of wall papers?

Mr. HESTON. Oh, yes; there is; but for the very fact that it carries the knowledge that it is imported it brings a better price. There is no competition on the cheaper grades of foreign goods due to the prices obtained by the American manufacturers. I might substantiate this by saying that, doing away with the favored-nation clause, or the reciprocity agreement, has had no effect on the amount of imported goods; but, to the contrary, Germany has sent to this country \$525,000 worth of goods as against \$434,000 worth when that treaty was in effect.

Mr. PALMER. I understood you to say that the imports amounting to about \$800,000 were in direct competition with about 25 per cent of the domestic production?

Mr. HESTON. Decidedly so.

Mr. PALMER. That is to say, that the 25 per cent represents the higher class of goods?

Mr. HESTON. That is right.

Mr. PALMER. And a higher price on the American product?

Mr. HESTON. That is right.

Mr. PALMER. And the imports are not in competition with the cheaper American article?

Mr. HESTON. That is correct.

Mr. PALMER. So, that whether or not they had a rate that is prohibitive, the fact is that there is no importation of cheap wall paper in this country?

Mr. HESTON. No; there is not.

Mr. PALMER. Now, what you want to do is to increase the rate on wall paper to 35 or 40 per cent so that that same condition shall apply to high-priced paper?

Mr. HESTON. That is right.

Mr. PALMER. You want to have us write the tariff law so that it will prohibit importations of all kinds of wall paper?

PARAGRAPH 415—WALL PAPER.

Mr. HESTON. Not at all.

Mr. PALMER. That is what I gathered from what you said.

Mr. HESTON. We do not want to prohibit the importations, because the very fact is in evidence that with an increased duty, for instance, in the case of Germany, their imports to this country have increased 25 per cent. They enjoyed a reciprocity agreement of some sort whereby they were favored, and during the time since the doing away with that treaty they have increased their imports over 25 per cent.

Mr. PALMER. Do you think this proposed increase to 35 or 40 per cent would increase the importations?

Mr. HESTON. You say importations. I say revenue. I should say it would increase.

Mr. PALMER. It would increase our importations?

Mr. HESTON. I say it will, because I believe it will, on the better grades of wall paper.

Mr. PALMER. Are you a manufacturer of wall paper?

Mr. HESTON. Yes, sir.

Mr. PALMER. And you are here advocating an increase of duty because it will increase the importation?

Mr. HESTON. You understand me, in answer to your question, we are trying to get for ourselves some salvation that will keep our business alive and self-sustaining.

Mr. FORDNEY. Since the adoption of the existing tariff on paper has the price on domestic paper gone up or down?

Mr. HESTON. It has gone down.

AN ARGUMENT ADVANCING REASONS WHY THE TARIFF ON WALL PAPERS SHOULD BE FIXED AT 45 PER CENT MAXIMUM AND 35 PER CENT MINIMUM.

[Re Schedule M, paragraph 415, tariff act 1909.]

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.:

The wall paper industry of the United States, as represented by the various concerns identified with the manufacture of that commodity, most respectfully ask your serious consideration of the effect upon that industry produced by the increasing quantity of imported papers entering the country, due in great measure to the existing low rate of duty applying under the present tariff, wherein the duty is placed at 25 per cent *ad valorem*. We trust that such argument as may be advanced at this time may justify you in recommending an increase in the rate of duty, in order that the manufacturer may be afforded, at least, some assurance of interest on the part of the Government in our perpetuation and needed relief from present discouraging conditions.

The reasons which compel this presentation may be found to be due to many conditions with which we are confronted and of which we submit:

(A) The enormous cost of manufacture caused by the peculiar contracts with labor unions into which the manufacturer has been obliged to enter, and which provide for the continuous employment and pay of the operatives whether the plant has sufficient orders in hand to run or not.

(B) The belief that upon termination of the commercial agreement with Germany on February 3, 1910, the wall-paper industry in the United States would be benefited through the maintenance of the established tariff rate of 25 per cent on importations of wall paper without favor. Government statistics, however, show that no injury has resulted to the German manufacturers, but, on the other hand, that the imports from that country have increased enormously, and it is with such fact in mind that we desire to emphasize that wall paper of the kind imported is clearly a luxury not influenced by the rate of tariff. In

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further support of which is submitted the fact that the importations of wall paper from Germany for the year ending June 30, 1911, amounted to \$434,729, representing more than 50 per cent of the entire imports from all countries for that period; that is, \$805,433. (Department of Commerce report ending June 30, 1911.) During this same period the United States exported to all countries \$372,375, of which Canada received \$224,450; Europe (all countries, \$51,328; South America, \$15,342; and Central America, \$34,574, and in the next or succeeding year ending June 30, 1912, the imports from Germany increased 16 per cent to a total amount of \$502,035, as against total imports for the same period from all countries, of amount \$825,162.

(C) Another condition affecting the industry in this country is due to the fact that many of the raw materials entering into the manufacture of wall paper bear a higher rate of duty than the finished wall paper, of which the said raw materials form the principal item of cost. As an instance, we cite silk floss used in the manufacture of papers known as silk-floss papers, the duty on the raw material which forms the principal item of cost being 50 per cent, while the duty on the finished wall paper is but 25 per cent. Again we submit imitation-of-leather papers, in which the main cost is that of the varnish and on which the duty is over 100 per cent, while only 25 per cent represents the duty on the finished wall paper. Many minor items figuring as raw materials in the manufacture of wall paper carry a duty ranging from 35 per cent upward, while, as already stated, the duty on wall paper finished is but 25 per cent.

We appreciate the fact that many of these referred to raw materials are finished productions in themselves, and it is not the desire to work an injustice to other industries in the country by asking the reduction of duty on such materials, still, because of these and other facts, we base our request for an increased duty on foreign wall papers.

(D) To demonstrate that our demands are not based on technicalities or unsupported facts, we submit tabulated returns of the United States Bureau of Statistics of the Department of Commerce and Labor, showing the imports of paper hangings for domestic consumption for a period of 11 years ending June 30, 1912, with comparative figures of exports during the corresponding period, as follows:

	Imports.	Exports. ¹		Imports.	Exports. ¹
1902.....	\$244,962.83	\$301,339.00	1908.....	\$609,361.97	\$283,762.00
1903.....	287,154.52	256,234.00	1909.....	532,574.33	266,735.00
1904.....	291,114.00	243,417.00	1910.....	790,711.00	297,307.00
1905.....	361,929.88	304,338.00	1911.....	828,675.00	372,375.00
1906.....	456,898.00	311,318.00	1912.....	825,162.00	399,121.00
1907.....	671,904.00	297,357.00			

¹ Of the total amount of exports mentioned above, the United States shipped to Canada in 1902, \$135,981, and in 1912, \$247,120. To Mexico in 1902, \$28,060, and in 1912, \$24,016. To all other countries in 1902 \$137,298, and in 1912, \$127,985.

We further submit as worthy of consideration:

A. That the burden imposed on the manufacturer in this country through labor conditions.

B. That the advantages of a 20 per cent lower freight rate enjoyed by both England and Germany on their shipments to this country.

C. That the excessive duty levied upon American-made goods by some of these foreign countries, notably in Canada, where the duty is 35 per cent; in France, where they discriminate against the United States by exacting an average of 28 per cent, as against 18 per cent on imports from other countries; in Germany, where the average is 25 per cent, and on cheapest grades 38 to 55 per cent; in Australia, where the duty is 20 per cent, with 10 per cent added. All of which tend to make it impossible for American manufacturers to compete with foreign countries in their respective markets.

This contention is supported by the fact that for the year ending June 30, 1911, we exported to all the countries in Europe, \$51,328 in value of American wall papers, while in the same period we imported from Germany and the United Kingdom, alone, goods to the value of \$636,499.

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In addition to these advantages, under which the foreign manufacturer is operating, we offer that, due to a much lower wage scale in other countries, we are unable to-day to successfully compete for export business; and we contend that we should at least be given the fullest opportunity of conserving the present business of American manufacturers by a protection of tariff as represented by an increase of the present duty on imported wall papers.

In support of our claim of differences in wages, we submit the following facts as to the present scale of wages in each country:

Block printers: England, \$9.60 to \$14.40 per week; Germany, \$7.80 to \$10 per week; United States, \$18 to \$21 per week.

Color mixers: England, \$10.80, average per week; Germany, \$7.60 to \$8.40 per week; United States, \$27 per week.

Machine printers: England, \$7.20 to \$9.12 per week; Germany, \$7 to \$8.40 per week; United States, \$24 to \$27 per week.

Block cutters: England, \$10 per week;¹ Germany, \$10 per week; United States, \$22 per week.

This enormous advantage under which the foreign manufacturer operates, as shown in the above comparison of wages paid, is still further increased by the significance and money value attached to the word "foreign" by some dealers and consumers, and the imported material, even though it may be inferior in many respects, is sure to bring a better price than the domestic article, solely for the reason of being "imported." For the same reason for an equal grade of material a price several cents per roll less must be quoted by the American manufacturer in order to meet this competition.

Another point demanding attention is that foreign competition is directed against the better class of domestic lines of wall paper where profit should not be sacrificed. And assuming the money value of the total domestic production to be \$13,000,000 annually (a conservative figure), it is safe to say that not over 25 per cent is represented by the higher grades.

Local conditions of demand and supply have so reduced the selling prices of the cheaper grades that the present margin of profit is almost to a vanishing point, the only possible escape from a net loss on this grade of papers being through a maximum production. For the financial balancing of the business, therefore, dependence must be placed on the sales of the better grades of goods, on which, as has been stated, there should be a fair margin. If foreign competition was restricted this might be an encouraging possibility. Twenty-five per cent of the value of the annual output of the American factories, as stated above, is \$3,250,000. This latter amount consistently represents the volume of domestic products in immediate competition with the \$825,000 of imports for the past year. In other words, foreign competitors at the present time are selling annually in this country over 25 per cent as much wall paper of the better and most desirable grades as is placed on our markets by all the American manufacturers in the same time; and, as has been indicated, this is done at the expense of the domestic producer, who finds the reasonable margin of profit on this class of papers so absolutely essential for his prosperity, to a great extent eliminated. Foreign competition, then, strikes the American manufacturer at a point where otherwise he could reasonably hope to make good, in a measure, for the questionable margins of profit at present realized on the cheaper grades of papers, and which, in every instance, make up the bulk of the output of all the factories.

Still further, we ask that the attention of the United States custom department be directed toward ascertaining whether or not importations of wall paper are undervalued, and we believe that American wall paper manufacturers should be afforded full information regarding the subject and be eligible to act in connection with the appraiser in purely an advisory capacity, in order to correct any evils which may exist.

That the wall-paper industry is not in a condition to bear any great strain because of excessive foreign competition is evidenced by the fact that the bankruptcy of wall-paper manufacturers has been in recent years of most frequent occurrence, no less than 23 factories having discontinued because of lack of profit during the last 12 years, and this showing representing one-half of the entire number of factories engaged in the business at any one time during the

¹ Germany cuts most of English blocks.

PARAGRAPH 415—WALL PAPER.

period mentioned. The manufacturers in 1904 numbering 44; in 1909, 45; and at the present time, 45.

Respectfully submitted.

HOWARD M. HESTON, *Chairman, Buffalo, N. Y.,*

JOHN J. McCABE, *Hackensack, N. J.,*

GEORGE H. KEIM, *New York City,*

Committee Representing Wall Paper Manufacturers of the United States.

[Schedule M, paragraph 415: Wall papers.]

Ways and Means Committee, Washington, D. C.:

We submit for your consideration the wording of tariff paragraph as urged by the manufacturers' committee:

"Paper hangings or wall paper, including borders and ceiling decorations and all wall hangings of which paper is the chief component part or the material treated, embellished, or decorated and not specially provided for in this act, 35 per cent ad valorem."

If a maximum and minimum duty applies, it should be 45 per cent maximum and 35 per cent minimum.

Respectfully submitted.

HOWARD M. HESTON, *Chairman, Buffalo, N. Y.*

JOHN J. McCABE, *Hackensack, N. J.*

GEORGE H. KEIM, *New York City, N. Y.*

BUFFALO, N. Y., *January 28, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman, Ways and Means Committee,
Washington, D. C.

Re Schedule M, paragraph 415.

DEAR SIR: In view of request by Representative Harrison and supplementing the brief filed with your committee on behalf of the wall paper manufacturers of the United States, and desiring that all possible information be in your possession, I desire to submit an additional list of raw materials entering into the manufacture of wall papers and on which the duty exceeds the duty on the finished product, as follows:

	Per cent ad valorem.
Oxydized oil, 15 cents per gallon, equivalent to.....	30
Paper as lincrusta backing.....	30
Lithopone, 1½ cents per pound, equivalent to.....	50
French washed ochre, ⅔ cent per pound, equivalent to.....	30
Wood flour.....	35
Clay, assessed as whiting, \$5 per ton, equivalent to.....	80
Aniline dyes.....	35

Very truly yours,

HOWARD M. HESTON, *Chairman,*
Representing Wall Paper Manufacturers of the United States.

BRIEF OF GEO. H. KEIM, NEW YORK, N. Y.

JANUARY 17, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, House of Representatives:

The existing rate of duty on wall paper of all kinds, both the cheaper and better grades, is 25 per cent. I think the committee will agree with me that this is a modest rate of duty for an industry of this nature. As far as I know, the rate has been uniform for years. I have been actively engaged in the business since 1884, and I believe that the same rate has prevailed during that entire period.

There are 45 wall paper factories competing strenuously in the United States. There is no agreement of any kind among these factories, nor has there been since the year 1900. The business of each factory is run independently and each

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one is striving to obtain the greatest possible volume of trade. The price of wall paper is low. Domestic manufacturers sell good wall paper at 3½ cents per roll of 8 yards. The tariff, therefore, in my opinion, does not unduly protect the American manufacturer, and there is little possibility of the prices being raised should the tariff be advanced, as the 45 factories are more than sufficient to supply the needs of this country and to allow an ample amount of product for the export markets.

We ask for a fair tariff on wall papers, primarily for the reason that the cost of manufacture in this country is higher than it is in foreign countries, owing especially to the high rate of wages which we are paying. We pay our skilled labor an average of \$26 per week. England, Germany, and France pay an average, for the same labor, of less than \$11 per week. The unskilled labor is paid in the same ratio in both countries. We, therefore, pay almost, if not fully, 250 per cent more for labor than is paid in foreign countries. In addition, our agreements with the labor unions provide that we are compelled to operate 47 weeks in the year, whether we have orders or not. The result is that we make each year a considerable quantity of goods for stock which subsequently have to be marketed at low prices.

The total capital engaged in the manufacture of wall paper is about \$14,000,000. The total annual production is about \$14,000,000. The amount of profit in the last 20 years has been small, owing, mainly, to the severe domestic competition and in part to the increase in the importation of foreign goods.

The total amount of exports of wall paper was only \$399,121 in the year 1912. The amount was \$301,339 in the year 1902. The exports have accordingly increased about 30 per cent. The total amount of imports in the year 1912 was \$825,162. The total amount of imports in the year 1901 was \$208,171. The imports have accordingly increased 400 per cent while the exports have only increased 30 per cent.

The kind of wall paper imported is mainly of the better grades. In my opinion a moderate increase in the tariff rate would not materially lessen the amount of imports. The consumer who desires imported wall papers will probably purchase such wall papers in the same quantities, whether the tariff be 25 per cent or 35 per cent.

In this country we manufacture mainly the cheaper grades of wall papers. There is a greater proportion of better grades made by the manufacturers of foreign countries. This is mainly due to the fact that many wall papers of the better grades are made either entirely or, to a large extent, by hand. An increase in the rate of duty would permit us to employ a larger number of hand printers in this country. It should be our aim to make better wall papers and to compete with England, France, and Germany on that class of goods. It would induce better artisans. Wall paper is generally considered to be a semi-artistic production, but there are not enough good artisans employed in the industry in this country, and the main reason is that the better grades of wall paper are imported.

The duty on American wall papers into Canada is 35 per cent. Canada has a number of wall paper factories, which may become active competitors against those in the United States. If the duty in this country is lowered we might find a good part of our market in this country taken away from us by the Canadian factories.

The average cost of our production of wall papers is about 6 cents per roll, of which the cost of labor is 3 cents per roll, the balance being for materials. The labor in foreign countries on similar wall paper is less than 1½ cents per roll. The duty at 25 per cent on wall paper valued at 6 cents per roll is 1½ cents. The American manufacturer is compelled to pay as much as 2 cents per roll for labor on this class of goods more than the European manufacturer. The protection, therefore, appears to be inadequate.

On a number of raw materials used in the manufacture of wall papers in the United States the prevailing rate of duty is more than 25 per cent.

I respectfully desire to call attention to the fact that other articles used for wall decorations, as, for example, silk hangings, carry a duty of 60 per cent. The higher grades of wall papers can, perhaps, be properly considered to be luxuries, and as silk hangings are imported under a 60 per cent tariff, it seems to me that the better grades of wall papers, which are now admitted under a 25 per cent tariff, would be imported to the same extent under a higher rate.

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I do not think any injustice will be done to the consumer if the duty on wall paper be made 35 per cent. Should the rate be reduced from 25 per cent our limited market would be further limited by the aggressive competition on the cheaper grades of goods of the Canadian factories which are at our doors and by the increased competition of the European factories on the better grades of goods.

Respectfully submitted.

GEORGE H. KEIM,

Vice President Gledhill Wall Paper Co., New York, N. Y.

And representing Janeway & Co., New Jersey; American Lincrusta Co., Brooklyn, N. Y.

BRIEF OF W. H. S. LLOYD CO. ET AL.

To the COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.:

The undersigned are manufacturers of tissue papers and certain special high grade and light weight papers.

They desire to make the following suggestions in regard to said paragraph 415M:

To the WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned, importers of wall paper, respectfully ask that the duty of 25 per cent now existing upon wall paper be reduced to 15 per cent.

We request the reduction of the present rate of duty in order that we may be able to import the medium and cheaper grades of wall paper, so that they may be sold in competition with the home product.

Such a reduction in duty would without doubt increase the importations of wall paper, which, according to official records, amounted to only \$868,294 for the fiscal year closing June 31, 1912.

Such an importation was insignificant in comparison with the amount manufactured and used in the United States. Certain domestic manufacturers are now exporting wall paper, and one of the largest American manufacturers maintains a large agency for the sale of his product in Great Britain.

According to official records upward of \$370,000 worth was exported in 1911.

The domestic manufacturers state in their brief, filed in Tariff Hearings under the paper schedule, page 6250, in 1908, that their annual production was then about \$12,000,000 in value. This has doubtless materially increased since 1909. And another statement filed with the Ways and Means Committee in that same year admitted that 25 per cent of this output consisted of the medium and higher grades of paper.

These facts show how completely the domestic manufacturers have control of the wall-paper market in the United States, even to being able to export a portion of their product.

Unless a reduction in the present rate is made no medium grade of paper can possibly be imported. A small quantity of the better grades may be brought in, but the cheaper papers for the use of the masses are effectually shut out.

The moderate reduction asked for will permit importations of much greater value than heretofore, and the sum of \$217,073 collected as duty during the last fiscal year will be materially increased.

The American manufacturers are in no need of protection on this product, since they control 94 per cent of the entire business in this country, according to the statement made by them in 1908, and are able not only to monopolize the market here, but also to meet European competition in their export sales.

We respectfully submit these facts and request the reduction of the present rate in paragraph 415 to 15 per cent ad valorem.

W. H. S. Lloyd Co., Shirley S. Lloyd, Treasurer; Lionel Moses, per B. Moses; Emil Majert Co., by Geo. J. Hunken; Hutchinson Blackley Co., Alexander Hutchinson, Treasurer; the F. J. Emmerich Co., T. B. Aldrich, President.

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BRIEF OF CLARK J. BUSH, REPRESENTING THE PRAGER CO.,
BROOKLYN, N. Y.

WASHINGTON, D. C., January 20, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, House of Representatives.

DEAR SIR: I beg to submit to your committee some facts in regard to the wall-paper situation in the United States, which have either been neglected or imperfectly developed in the testimony so far submitted.

The present duty of 25 per cent ad valorem in effect for many years has been sufficient to enable the domestic manufacturers to practically monopolize the sale of this product during the past 30 years.

The apparent increase of imports of wall papers since the year 1904 has been principally caused by the inclusion in the statistics of a large amount of material brought in as "unfinished wall paper" and which has paid duty at the same rate (25 per cent) as finished, printed wall paper.

"Unfinished wall paper" is construed to cover a large variety of plain surfaced, pulp-colored paper known to the trade as "oatmeal papers," "Holtzmehls," "Duplex papers," "Columbia Duplexis," and under many other trade designations. These papers, while used to some extent for wall decoration without printing or other additional treatment, are very largely purchased and used by domestic factories by the printing of ornamental designs and colors upon the surface of these originally plain unprinted papers which thus become a part of the raw materials used in domestic manufacture.

Also, quantities of the product known as "Lin O'Wall," being identical with the American-made "Lincrusta Walton," is imported as wall paper and pays the same rate of duty.

It is likely that the above-named materials which are not strictly wall paper constitute the greater part of the increased importations shown in the statistics of the past seven years.

During the years from August 1, 1892, to July 1, 1900, the prices obtained by American manufacturers were maintained at an average of at least 40 per cent higher than since that time, through the operation of the merger known as the National Wall Paper Co., and during the period from July, 1898, to July, 1900, the domestic monopoly effected by the selling agency called the Continental Wall Paper Co. Since July, 1900, no controlled uniform prices have been in operation and competition among domestic mills has kept prices uniformly low.

It is, therefore, evident that a duty of 25 per cent ad valorem has been ample to enable American manufacturers to maintain very profitable prices whenever home competition could be stifled or controlled and that foreign competition has at no time been a real factor in the price situation.

The real protection enjoyed by American wall-paper manufacturers lies in the fact that ordinary American demand and taste calls for an entirely different class of designs and effects from those popular and salable in foreign countries. This fact also explains the small amount of exports from America to the rest of the world.

American cheap wall papers are the best in the world for the American market.

European cheap wall papers would not be brought to America in any volume under free-trade conditions.

Large quantities of wall paper of fair quality is made in America and sold to dealers at from 2½ to 3 cents per roll of 36 square feet of covering surface.

This cheap grade of goods is made and sold at a fair margin of profit, as is shown by the continued operation and steady growth of factories who make nothing else. There are at least seven such mills now in active and supposedly profitable operation.

The average total cost of labor used in printing all wall paper made in America is not over 75 cents per 100 rolls of finished product or much less than the present rate of duty.

The class of wall papers imported from Europe come in because of their distinct and absolute superiority to the domestic product. More care and better artists are employed in their designing. Much higher prices are paid for designs throughout Europe than in America.

Better coloring matter is used and colors are usually more permanent and fade less quickly.

More originality and enterprise in the invention and use of new machinery and processes results in the production of new and interesting effects far in advance of their production here.

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American manufacturers recognize these facts and depend largely upon copies of imported designs instead of exercising originality and the best skill in designing and coloring.

American manufacturers would be stimulated to higher effort and care in their designing and manufacturing if foreign manufacturers were permitted a little freer access to this enormous but closed market.

American homes would be better decorated if American women were permitted a little more range of choice in their selection of wall papers for this purpose.

An ad valorem duty of not over 15 per cent on wall paper finished or unfinished would be greatly in excess of the difference in labor cost.

This reduced duty would enable American mills to use more freely the novel and superior plain unprinted materials originating in Europe to the improvement of their product in the better grades. It would afford a much needed stimulus to the production of artistic decoration, employ more skilled labor in designing and manufacture and tend generally to the ultimate improvement of American wall papers.

A reduction of the duty to not over 15 per cent ad valorem is urgently and conscientiously recommended.

Respectfully,

CLARK J. BUSH,
Representing The Prager Co., Brooklyn, N. Y.

BRIEF OF THE NATIONAL ASSOCIATION OF MACHINE PRINTERS AND COLOR MIXERS OF THE UNITED STATES.

NEW YORK, *February 1, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives.*

DEAR SIR: The existing rate of duty on wall papers of all kinds, both the cheaper and the better grades, is 25 per cent. I think that the committee will agree with me that this is a modest rate of duty for an industry of this nature. As far as I know, the rate has been uniform for years. I have been actively engaged in the business since 1884, and I believe that the same rate has prevailed during that entire period.

There are 45 wall-paper factories competing strenuously in the United States. There is no agreement of any kind among these factories nor has there been since the year 1900. The business of each factory is to run independently, and each one is striving to maintain the greatest possible volume of trade. The price of wall paper is low. Domestic manufacturers sell good wall paper at 3½ cents per roll of 8 yards. The tariff therefore does not unduly protect the American manufacturer, and there is little possibility of the prices being raised should the tariff be advanced, as the 45 factories are more than sufficient to supply the needs of this country and to allow an ample amount of product for the export markets.

We ask for a fair tariff on wall paper, primarily for the reason that the cost of manufacture in this country is higher than it is in foreign countries, owing to the high rate of wages we are paying. We pay our skilled labor an average of \$26 per week.

England, Germany, and France pay an average of \$11 per week. The unskilled labor is paid the same ratio in both countries. We therefore pay almost if not entirely 25 per cent more for labor than is paid in foreign countries. In addition, our agreements with the labor union provide that we are compelled to operate 47 weeks in the year, whether we have orders or not. The result is that we make each year a considerable quantity of goods for stock which, consequently, have to be marked at a low price.

The total capital engaged in the manufacture of wall paper is \$14,000,000. The total annual production is about \$14,000,000. The amount of profit in the last 20 years was small, owing mainly to the severe domestic competition and in part to the increase in the importation of foreign goods.

The total amount of exports of wall paper was only \$399,121 in the year 1912. The amount was \$301,339 in the year 1902. The exports have accordingly increased about 30 per cent. The total amount of imports in the year 1901 was \$208,171. The imports have accordingly increased 400 per cent while the exports have increased only 30 per cent.

The kind of wall paper imported is mainly of the better grades. In my opinion, a moderate increase in the tariff would not materially lessen the amount of imports. The consumer who desires imported wall papers will probably purchase such wall paper in the same quantities whether the tariff be 25 or 35 per cent.

In this country we manufacture mainly the cheaper grades of wall papers. There is a greater proportion of the better grades made by the manufacturers of foreign

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countries. This is mainly due to the fact that many wall papers of the better grades are made either to a large extent by hand. An increase in the rate of duty would permit us to employ a larger number of hand printers in this country. It should be our aim to make better wall papers and to compete with England, Germany, and France on that class of goods. Wall paper is generally considered to be a semiartistic production, but there are not enough artists and artisans employed in this country, and the main reason is that the better grades of wall paper are imported.

The duty on American wall papers into Canada is 35 per cent. Canada has a number of wall paper factories, which may become active competitors against those in the United States. If the duty in this country be lowered we might find a good part of our market in this country taken away from us by the Canadian factories.

The average cost of our production of wall papers is about 6 cents per roll, of which the cost of labor is about 3 cents per roll, the balance being for materials. The labor in foreign countries on similar wall papers is less than 1½ cents. The American manufacturer is compelled to pay as much as 2 cents per roll for labor on this class more than the European manufacturer. The protection, therefore, seems to be inadequate.

On a number of raw materials used in the manufacture of wall paper in the United States the prevailing rate of duty is more than 25 per cent.

I respectfully desire to call attention to the fact that other articles used for wall decoration, as, for example, silk hangings, carry a duty of 60 per cent. The higher grades of wall papers can perhaps be considered luxurious, and as silk hangings are imported under a 60 per cent tariff it seems to me that the better grades of wall papers, which are now admitted under a 25 per cent tariff, would be imported to the same extent under a higher rate.

I do not think any injustice will be done to the consumer if the duty on wall paper be made 35 per cent. Should the rate be reduced from 25 per cent our limited market would be further limited by the aggressive competition on the cheaper grades of goods of the Canadian factories which are at our doors and by the increased competition of the European factories on the better grades of goods.

Respectfully submitted.

PATRICK E. LYONS,
National Secretary.

PARAGRAPH 416.

Books of all kinds, bound or unbound, including blank books, slate books, and pamphlets, engravings, photographs, etchings, maps, charts, music in books or sheets, and printed matter, all the foregoing wholly or in chief value of paper, and not specially provided for in this section, twenty-five per centum ad valorem. Views of any landscape, scene, building, place, or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of one inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying thirty-five square inches or less of surface per view, bound or unbound, or in any other form, fifteen cents per pound and twenty-five per centum ad valorem; thinner than eight one-thousandths of one inch, two dollars per thousand: Provided, That the rate or rates of duty provided in the tariff act approved July twenty-fourth, eighteen hundred and ninety-seven, shall remain in force until October first, nineteen hundred and nine, on all views of any landscape, scene, building, place, or locality, provided for in this paragraph, which shall have, prior to July first, nineteen hundred and nine, been ordered or contracted to be delivered to bona fide purchasers in the United States, and the Secretary of the Treasury shall make proper regulations for the enforcement of this provision.

BOOKS.**TESTIMONY OF D. S. BRASSIL, OF THE EMPLOYING BOOKBINDERS OF NEW YORK CITY.**

The witness was duly sworn by the chairman.

Mr. BRASSIL. Mr. Chairman and gentlemen of the committee, I want to state, as representing the Employing Bookbinders' Association of New York, that they are employers of labor engaged in manufacturing books. I wish to correct a statement that was made by

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one of the speakers who preceded me as to the cost and manner of binding books. The gentleman stated that the greater number of books imported were scientific books for educational purposes. That is true to-day, but if the tariff were removed I want to say that lots of books, such as I hold in my hand, manufactured by publishers in the United States and originally published in England and over 20 years old, and bound for him at 7½ cents, for which the paper cost 4 cents and the printing 2½ cents, and he sells for 17 cents, and for which the people of the country are paying 25 cents, he did not say that he was anxious to get the duty taken off so that he could sell a book that he now charges 35 cents for could come in competition with this line. I want to introduce my remarks with that statement, and I would like to have this book handed to the chairman as Exhibit A.

The chairman calls Mr. Dixon to the chair.

We beg to submit the following facts to your honorable body for its consideration:

In relation to the importation on books we request that you do not decrease the duty under section 416 and amend sections 517 and 518 allowing books bound in cloth and paper covers only to come in free, and add a new section providing for a duty on certain books bound in leather.

More than 50 years ago, when the present duty was first placed on books, conditions here and abroad were somewhat similar, as books were bound at that time mostly by hand, but since then, through the introduction of machinery that is now in use in the United States and England, the conditions vary considerably on account of the difference in the cost of labor.

In the United States the cost of male labor to-day for machine help varies from \$18 to \$24 per week, while in England the operators on the same machines, namely, Quad folding machines, Smyth case-making machines, Smyth casing-in machines, duplex trimmers, Blauvelt lining machines, and various makes of stamping machines receive from \$8 to \$12 per week, while their production is equal in a given time, and the American manufacturer is also under the further disadvantage of having a shorter work day.

During the past five years a large number of American publishers and importers of books have taken advantage of these conditions, and placed orders abroad for large editions, varying from 50,000 to 1,250,000 books, and after paying a duty of 25 per cent they are able to lay them down in this country at a lower cost than if manufactured here.

When you realize that one order for 1,250,000 books will keep an average bindery employing one hundred or more people busy for at least six months, you will understand what this means to the laboring people employed in this industry.

American publishers to-day are manufacturing books to sell to the large mass of the American people at very reasonable prices. A. L. Burt Co., of New York City, for instance, is publishing one line of over 300 titles, consisting of classical literature that is being sold for 25 cents retail throughout the United States. (See Exhibit A handed the chairman in the shape of a book.) They, as well as other manu-

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facturers, are endeavoring to supply the wants of the reading public at a reasonable price and are anxious that the foreigners will not be allowed to import the same books in competition with them, which they could readily do at an advantage if the tariff were reduced.

We sincerely hope that you will give this matter due consideration and not reduce the present duty.

The American Bible manufacturers desire to submit the following facts:

We believe that the present tariff of 25 per cent ad valorem on books was an act of the year 1864 at which time there was no manufacturer of Bibles in this country, excepting the American Bible Society, a chartered institution organized and endowed for the purpose of selling Bibles or parts of Bibles at cost, and if necessary giving them gratis to any one desiring the scriptures who might be too poor to pay for them. The manufacture of Bibles as an industry is of recent development in this country.

Within the last few years the reduction in the hours of labor from ten to eight, and the advances in the cost of labor in this particular industry on the average of from 20 to 22 per cent, and as labor on an ordinary cloth-bound Bible represents 75 per cent of the total cost of the finished product, and on an ordinary leather-bound Bible 67½ per cent of the cost of the finished product.

We would call your attention to the fact that if the present tariff is reduced, the situation confronting the American Bible manufacturers would be as follows:

A minion type 24mo text Bible, size of page 3½ by 5½ inches bound in cloth, round cornered, red edges, which is a book largely used, can not be bound in this country at a cost of less than 12 cents, while the cost of binding the same book in London is 7½ cents. On an ordinary sheep leather binding, divinity circuit, the binding cost in this country is 32½ cents, while the binding cost of the same identical book in London is 22½ cents.

The above examples can be corroborated all through the various lines and sizes. These differences in cost are occasioned by the difference in the cost of labor in this industry between the United States and Great Britain. In Great Britain the average cost of labor in this line is fully 40 per cent lower than in the United States.

Any reduction of the present duty would result in stopping the industry entirely in this country, and would force the manufacturers either to close their plants here or remove them to England in order to take advantage of the difference in labor of 40 per cent, to which we have already called your attention.

Section 517 permits the importation of all books printed more than 20 years to come in duty free. The American bookbinder is perfectly satisfied to allow books bound in cloth or paper covers to come in without the payment of duty, but they are anxious that your committee should place a duty of 50 per cent on all books bound in leather, excepting religious publications. People who buy books for the sake of the reading matter can easily obtain any book that they may require bound either in cloth or paper at a low price. When they are able to pay for a book that is bound in extra binding in order to gratify their desires to have luxurious binding, they should pay a

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fair price for this binding, and also pay a duty to the Government, if they desire to have a book bound abroad.

Books bound in extra bindings for commercial purposes now admitted under section 416, cost in England from 75 cents per volume to \$1.25, while in this country the cost would be from \$1.75 to \$2.50 for the same style of book. The American bookseller who desires to take advantage of this difference in the cost will send from 1,000 to 5,000 books in sheets to England and have them bound at 3 shillings (\$0.75) each; he is then willing to pay the duty on the binding and the value of the sheets for which he paid 25 cents, making a total cost to him of \$1 for the book bound, and 25 cents duty, making the binding cost \$1 exclusive of the cost of the sheets. He saves 75 cents per copy, or \$750 per thousand. He does not give this advantage to the American buyer, but charges just the same price that he would if he had the books bound by an American, he making the difference in cost as an additional profit.

Leather-bound books of all kinds are luxuries and the United States Government is entitled to derive a revenue on their importation. It is one of the class of articles that can justly be taxed for revenue in fairness to all.

The American extra binder is unable to compete with the foreigner, first because his wages vary as follows:

England.

Girls.....	10s. to 16s. (\$2 to \$4).
Forwarders.....	30s. (\$7.50).
Assistant finishers.....	32s. to 36s. (\$8 to \$9).
Finishers.....	36s. to 44s. (\$9 to \$11).

United States.

	Increase.
Girls.....	\$8 to \$10=250 to 400 per cent.
Forwarders.....	21=200 per cent.
Assistant finishers.....	20 to 22=150 per cent.
Finishers.....	24 to 30=150 per cent.

Second, the American binder works fewer hours per day than the foreigner, and as all of the work is done by hand in both countries, the foreigner, being capable of doing as much as an American per day, the American manufacturer is under the further disadvantage of having a less amount of work performed, although he pays a much larger wage.

A book which has been printed more than 20 years when bound abroad is allowed to come in duty free. The American binder when requested to bind the same book will be compelled to pay a duty of from 25 to 60 per cent for the material used thereon.

You can readily understand why the American objects to this hardship and why he feels that the Government would be justified in deriving a revenue from all books bound in this manner even though they had been printed more than 20 years.

Under section 518 books printed in foreign languages are duty free. The American book manufacturer has no objection to this clause if books bound in leather bore a duty.

All foreigners who are making their homes in the United States can procure any book published in their own language bound in cloth or paper that will be suitable for their purpose, and the larger majority

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of books that they do use are procured in these styles of binding. We believe that a book, although printed in a foreign language, when bound in leather is purchased by a person who is well able to afford the increased cost that a duty would cause him to pay. They are purchased by persons who are well to do, and not by the mass of people nor by those who are making their homes with us and desire to have books printed in their native language.

Mr. HULL. To what extent is this business carried on?

Mr. BRASSIL. Why, there are \$3,000,000 worth of books coming in free, and \$3,000,000 coming in dutiable. There is practically an equal amount of books coming in free bound in leather, and the same amount that is being paid duty on.

Mr. HULL. Bound in leather?

Mr. BRASSIL. Yes, sir; bound in leather. Here is a style of book of which I speak. That book will be bound on the other side for between \$1.25 and \$1.50, while here in the United States it is \$2.50. The American publisher and book collector sends that book abroad, has it bound over there for \$1.25 to \$1.50, and then brings it in free.

Mr. DIXON (in the chair). The gentleman's time has expired.

Mr. JOSEPH L. FEENEY. Mr. Charles Francis, president of the Ben Franklin Club of America, will not appear to talk on books, and requested me to ask the committee to give Mr. Brassil some of his time.

Mr. DIXON. If that is satisfactory to the committee all right. [A pause without response.] Ten minutes additional time is granted Mr. Brassil.

Mr. BRASSIL. Thank you, Mr. Chairman. In other words, the book I just handed you gentlemen, if bound abroad and more than 20 years old, would be admitted into this country free and all material in it free.

Mr. HAMMOND. Under what clause?

Mr. BRASSIL. Under the amendment of section 517, which I will propose.

Mr. HAMMOND. That book is bound in what?

Mr. BRASSIL. That book is bound in levant and printed on imported paper, all imported. It is bound in leather with silk head band.

Mr. HAMMOND. You do not want that book to come in free—not even if it has been printed 50 years before entering this country?

Mr. BRASSIL. We do not; no, sir; not when bound in that style.

Mr. HAMMOND. You want a duty on them?

Mr. BRASSIL. Yes, sir; they are made for rich people who have the money to buy with, and we think they ought to pay a price which would permit them to be made here.

Mr. HULL. Suppose they were bound in cheap leather?

Mr. BRASSIL. In cheap cloth?

Mr. HULL. No; suppose it were not bound in leather, would you object to a classification putting 50 per cent duty on books with costly bindings and omitting on cheap bindings—cheap leather bindings, I mean?

Mr. BRASSIL. If you could so word the law that would allow books with cheap leather bindings to come in free there would be no objection; but it is a difficult problem to handle, to so word the law that it may be understood and properly construed.

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Mr. HAMMOND. You have no wording in mind?

Mr. BRASSIL. I have been here before and discussed this matter, and have been before the Board of General Appraisers and suggested things of that kind to them, and suggested improvements in the old law and the present law, and the Ways and Means Committee was kind enough to insert a clause, "books of all kinds, bound or unbound, * * * wholly or in chief value of paper," thinking the leather being the chief value it would naturally cover leather-bound books, but the board decided against us. The Board of General Appraisers decided in our favor, but the court decided against us.

There is another clause, 518, "Books and pamphlets printed chiefly in languages other than English, free." We also want those, when in paper and cloth, to come in free. We believe that a large number of people, for instance, foreigners, who come over here and make their homes, should be permitted to get books printed in languages other than English, bound in cloth or paper, free.

Mr. HULL. You want section 517 changed to cover books bound in cloth or paper which have been printed more than 20 years to come in free?

Mr. BRASSIL. Yes, sir.

Mr. HULL. What is the purpose of this provision?

Mr. BRASSIL. Suppose I had a book 20 years old and a binder here would ask me \$50 to bind it the way I wished it bound, and he could have it bound abroad for \$25; we do not want him to send it abroad to be bound and then bring it back free. We believe such luxuries should be bound here and give our labor the benefit.

Mr. HULL. There are no books of that character except second-hand books, are there?

Mr. BRASSIL. No; but it is a luxury in the way I refer to it, and if the leather book collector wishes handsomely bound books, let him have them bound here. Here is a book which cost \$40 for the binding.

Mr. DIXON. For one volume?

Mr. BRASSIL. Yes, sir; for one volume.

Mr. KITCHIN. How many of these books have been sent abroad, rebound, and imported here?

Mr. BRASSIL. We can not ascertain that on account of the way the statistics are kept at the customhouse.

Mr. DIXON (in the chair). Your time is up.

We wish to submit for your consideration the following suggested amendments:

Amend section 416 by making it read:

Books of all kinds bound in cloth or paper covers, or unbound, including blank books, slate books and pamphlets, engravings, photographs, etching, maps, music in books or sheets, printed matter, and Bibles, prayer books, and religious publications in all styles of binding or unbound, 25 per cent ad valorem.

Amend section 517, making the section read as follows:

Books bound in cloth or paper, maps, music, engravings, photographs, etching, bound or unbound, charts, which shall have been printed more than 20 years at the date of importation, and all hydrographic charts and publications issued for their subscribers or exchanges by scientific and literary associations or academies, or publications of individuals for gratuitous private circulation, and public documents issued by foreign Governments.

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Amend section 518, making it read as follows:

Books and pamphlets bound in cloth or paper, printed chiefly in languages other than English, also books and music in raised prints used exclusively by the blind.

Make a new section to read as follows:

Books bound wholly or in part in leather, excepting prayer books, Bibles, parts of Bibles, and religious publications, 50 per cent ad valorem.

This last suggestion, we hope, will give the revenue that is desired by the Government when placed on books bound wholly or in part in leather, and also give the assistance so badly needed by the extra binder, whose industry has all but been killed by foreign competition during the past 10 years. In New York City alone 13 binders have been forced out of business—the last one, The Club Bindery, had \$20,000 invested in tools. A bindery that was patronized by many of the most noted American book collectors.

NEW YORK, February 18, 1913.

HON. OSCAR W. UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: During the investigation of section M on Friday, January 17, you asked the witness, Mr. Carroll, on page 2316: "Did not one of the witnesses here this morning state that the labor cost was 13 per cent of the difference?" As he was talking of bookbinding and printing and was not in a position to give you the information asked for, I thought that I would make a tabulated schedule for you, showing from actual estimates on work performed in our bindery what the percentage of labor amounts to when compared with the total amount received for the binding.

The table shows the labor cost, the expense cost, which includes overseeing, office help, portorage, rent, insurance, and miscellaneous items, the cost of material, the actual price quoted, the discount taken off by the customer, and the net amount received.

You will notice that the percentage of labor cost is high when the material item is low and vice versa when the material item is high. The data on extra binding were given me by a prominent extra binder of this city.

The schedule covers books bound in paper covers, No. 1; those bound in cloth, Nos. 2, 3, 4, 6; cheap leather, No. 5; and two styles of extra binding, No. 7, bound for commercial purposes; and No. 8, a rare book bound for a collector. The cost and billing price on the first six is for lots of 1,000 copies of the same book bound at once. Nos. 7 and 8 are for single copies.

I hope the schedule will be of some value to you, particularly as they are from actual experience, and no guesswork. They can be relied upon as facts.

Very truly, yours,

D. S. BRASSIL,
Chairman of Committee.

[Inclosure.]

Schedule showing the percentage of labor cost as compared with the total amount received for binding 1,000 books, and single copies in extra binding.

	Labor cost.	Expense cost.	Material cost.	Price charged for binding, per M.	Dis-count.	Net amount received.	Per cent of labor.
Paper-covered books.....	\$12.50	\$6.25	\$1.00	\$22.00	\$0.66	\$21.34	58
Cloth-covered books.....	60.50	30.25	15.25	120.00	3.60	116.40	52
Do.....	20.75	10.40	12.75	51.00	1.53	49.47	42
Do.....	31.00	15.50	27.00	85.00	2.55	82.45	37
Cheap leather books.....	92.00	46.10	148.00	330.00	9.90	320.00	30
Cloth-covered books.....	61.00	30.50	100.00	220.00	6.60	213.40	28
Commercial extra binding, per copy.....	.93	.24	.32	1.75	.05½	1.69½	54
Extra binding, rare book, per Copy.....	24.60	6.15	4.25	40.00		40.00	60

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TESTIMONY OF THOMAS J. CARROLL, OF NEW YORK CITY.

The witness was first duly sworn by the chairman.

Mr. CARROLL. I want to say, Mr. Chairman, that I came here to-day, and had no knowledge of the fact that briefs were necessary, but if I can be given reasonable time, I am quite satisfied I can furnish a brief to prove the two points I wish to make.

The CHAIRMAN. We will give you 10 minutes, and you can supplement it with a brief afterwards.

Mr. CARROLL. I wish to say that during the past year there has come to the knowledge of the laboring interests in New York City, in the printing industry (and I want to say that I represent something like 15,000 organized men in New York City), that one order has been taken from this country to Europe of 1,250,000 books. They were cloth bound.

Mr. HARRISON. What books were those?

Mr. CARROLL. An American encyclopedia.

Mr. HARRISON. Funk & Wagnalls's?

Mr. CARROLL. I am not privileged at the moment to give the name, but it was an American book, and the major part of the editorial portion of that manufacture was also done in England. I want to say that there is another book that is going to Europe this year in the line of electrotypes plates, that is to be printed on the other side. It is in the line of a premium that goes in conjunction with a magazine, as an inducement for the readers of the magazine to subscribe by the year. That job last year amounted to \$200,000, and the plates are being transmitted to Europe this year and it is all to be printed on the other side and then to be sent on here. There has another affair cropped out in the industry within the last two years, to our knowledge, and that is the common printing, pamphlet, leaflet, and various pieces of printing of small and large character. The patent medicine manufacturers, who can get their advertising matter ready some six months before they want to put it before the public, are having their entire work done on the other side. I know of one piece amounting to something like 12,000,000 copies of a sixteen-page leaflet, about 2½ inches wide by 4 inches long, and they took their mailing list to the other side and are bringing those into this country on a half penny stamp.

Mr. HARRISON. That, of course, would only be true from Great Britain, would it not?

Mr. CARROLL. Well, it is being done in Great Britain, that is the information we have.

Mr. HARRISON. On account of the fact that that is the only country with which we have such cheap, postage so that it could not be done anywhere else?

Mr. CARROLL. The job I refer to is the Plexo tooth powder; it came from Great Britain.

Mr. HARRISON. Can you tell us what magazine is having this printing done on the other side?

Mr. CARROLL. I can not say at the moment. I can probably include that in the brief. I know I can submit the evidences of the fact that the book is being done on the other side, for the reason the plates are

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being shipped to the other side. The other matter I spoke of is an American encyclopedia, and they claim they can get the work done there for one-half what it would cost them to manufacture it in this country. We do know, from statistical evidences, that during the past 20 years the binding industry has practically left this country, and if this new feature of the question, which is the commercial printing, is allowed to go on without intervention, we feel confident that very shortly a great number of our men will be out of work. As a matter of fact, during the last year there has been a decrease in the working opportunities for our men of at least 10 per cent in every one of the 5 trades, representing 20 organizations. If I can be given time, Mr. Chairman, I am confident I can furnish the briefs along that line.

The CHAIRMAN. You may have until the 1st of February in which to file a brief.

Mr. LONGWORTH. To what do you attribute the fact that the work is being done in England?

Mr. CARROLL. Because it is done so much cheaper on the other side.

Mr. LONGWORTH. Why?

Mr. CARROLL. Because the wages of mechanics are much less than on this side.

Mr. LONGWORTH. Much less than on your side?

Mr. CARROLL. Yes.

Mr. LONGWORTH. And you feel that without a protective duty you can not hold the work?

Mr. CARROLL. That is right; we feel there should be an increase.

Mr. LONGWORTH. Do you feel that there should be a duty at least large enough to pay the difference in the cost of labor, the cost of producing these articles here and the cost in England?

Mr. CARROLL. That is about the way I figure it, yes. I did know of a case where school books of the city of New York, books that required rebinding, would be sent to the other side and brought over here free of duty, and in that way it robbed the American bookbinders of an opportunity to get work during that time, the time that work was being done which was in vacation time when the big binding industries are practically all at a standstill. At least 35 per cent of the bookbinders in the city of New York are unemployed during the vacation season.

Mr. LONGWORTH. You would like a duty sufficient to protect your labor, as I understand?

Mr. CARROLL. We should like that, if possible to get it. We have not any argument to offer you, gentlemen, as to what the increase should be. We only ask an honest opportunity to continue the existence we have been able to maintain through the organizations we have had for a number of years in New York City and throughout the country.

The CHAIRMAN. Did not one of the witnesses here this morning state that the labor cost was 13 per cent of the difference?

Mr. CARROLL. I was not here this morning.

Mr. LONGWORTH. He made that statement, as I understood, in a sort of general way of the total production of paper in this country. I do not know on what authority.

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The CHAIRMAN. If we were to take the census report and ascertain accurately the labor cost of your industry and then put the tariff at exactly the difference in the cost of labor, is that what you wish?

Mr. CARROLL. We should like to have that, so as to make it a competitive proposition.

The CHAIRMAN. And you would not want any more than that?

Mr. CARROLL. We should like to see a fair increase, if possible to get it.

Mr. LONGWORTH. Let me ask you what proportion of the cost is labor?

Mr. CARROLL. In the commercial printing practically all is labor.

Mr. LONGWORTH. And the material, then, is practically nothing?

Mr. CARROLL. The material is practically nothing, the material is not of any consequence.

Mr. LONGWORTH. Would you not say that in your industry that at least 80 per cent was labor?

Mr. CARROLL. When you get me down to statistics, I am not John Norris. I do know that the number of men employed to-day, as against the number employed in the commercial field in New York a year or two ago, has decreased at least 30 per cent in their working membership, and one of the reasons for that is the fact that this work is going on the other side and being brought in here through the mails. It is, in my mind, giving them opportunities in the mailing service cheaper than they could have them if they wanted to mail their stuff from New York City. I think our friend, the publisher who spoke a short time ago, strengthened my position in regard to the book proposition and the post-card proposition.

Mr. LONGWORTH. Can you state, of your personal knowledge, whether 13 per cent is not only a fraction of the labor cost in producing book binding?

Mr. CARROLL. I have not any idea, I know nothing whatever of the statistics. I am going to let you gentlemen take up the proposition of giving the American workmen a chance to continue the happy existence we have heretofore enjoyed, as against the conditions which obtain in European countries.

Mr. LONGWORTH. You realize that can not be done without a protective tariff, do you not?

Mr. CARROLL. I believe there should be protection along that line.

Mr. KITCHIN. The publishers sending these books abroad and bringing them back to this country, are they manufacturers?

Mr. CARROLL. The book publisher of to-day is not the same as he was 20 years ago. Twenty years ago he was a manufacturer; to-day he is not a manufacturer at all, or at least with very few exceptions.

Mr. FORDNEY. Mr. Meyercord, who represented the National Association of Employing Lithographers, showed the difference between labor here and foreign labor—foreign labor to be 31 per cent of our labor over here.

Mr. CARROLL. I think that is near the figure. It is contended by some that the difference is 50 per cent, but I do not myself believe that is true.

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TESTIMONY OF PETER J. BRADY.

The witness was duly sworn by the chairman.

Mr. BRADY. Mr. Chairman, I have nothing to add to what President Carroll of the New York Allied Printing Trades stated here. We are both down here on the same mission, and all the data we have in connection with the case will be filed here for use of your committee when you come to make up your schedule.

The CHAIRMAN. We will be very glad to receive it.

BRIEF OF THE ALLIED PRINTING TRADES COUNCIL OF GREATER NEW YORK.

NEW YORK, January 29, 1913.

Hon. OSCAR UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: On behalf of all the printing trades unions, composed of photo-engravers, compositors, stereotypers, electrotypers, bookbinders, and pressmen, I desire to submit to you, for the consideration of your committee when making up their schedules on printed matter, the following reasons why there should not be any reduction in the present tariff rate:

When the present rate for books and printed matter was adopted, proper protection was given to the American workman because at that time, and up until a short time ago, the foreign manufacturers did not have the up-to-date machinery now in use. This machinery is of American manufacture and has been sent to Europe and installed in the establishments there, and owing to the low wage and longer hours, with the advantage of the improved machinery, the foreign establishments are enabled to turn out all printed matter at a lower labor cost than it is possible to produce the same product in the United States. The printed matter is shipped over here, and a duty of 25 per cent is paid on it. Notwithstanding this fact, it can be sold at a lower price than it is possible to produce the same article for in the United States. Any further reduction in the present rate will mean a severe loss to the entire printing industry. It has already been clearly shown before your committee that the manufacturers of books and printers are not to be confused or classed with publishers. Publishers are those who place the article on the market and have it manufactured in some establishment which is not their own. The manufacturers are the people whom we are pleading for, as it is they who employ the members of our unions; and we know from the condition of our trade during the past few years that there has been 30 per cent of our membership unemployed, and we feel that the cause of this is that the publishers, instead of having their product manufactured in the United States, are sending it to Europe.

Your attention has been called to the fact that on an encyclopedia with an edition of one million and a quarter volumes, and also on books by standard authors which are given away by magazines as an inducement for the people to subscribe to the magazine, while the first edition has been printed here, the plates for the second and following editions have been shipped to Europe, where they can be produced much cheaper. We are of the opinion that the publishers are only now beginning to realize the advantage that the cheap foreign labor is giving them over the American workman and manufacturers, and that if something is not done to rectify this abuse in the immediate future there will be a much larger percentage of our people out of employment than at the present time.

Another matter which we desire to call to the attention of your committee is the duty on post cards. It was thoroughly demonstrated to the Payne-Aldrich committee that the tariff on this class of printing was not sufficient to fully protect the American photo-engraver, with the result that they increased the rate, and now three-quarters of the post cards which were previously imported are being manufactured in the United States. We believe that your committee should continue this rate.

As for the bookbinding industry, on account of the low tariff on extra-bound and other books, this is a lost art in the United States, and men and women who formerly received high wages at this industry have been compelled to seek other means of employment and at a much lower wage than that formerly received.

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There is still another abuse recently called to our attention, and one which will become a very dangerous one unless some method is adopted to prevent it, and that is that the manufacturers of patent articles who do a large amount of advertising in leaflet or pamphlet form are now having this done in Europe, bringing their mailing lists over there and doing their printing and mailing from the other side. I believe they even have the advantage of a lower postage rate than they can secure here. If something is not done to curb this abuse, it will become an exceedingly dangerous menace to the future of the printing industry in this country, which is now classed as the sixth largest industry we have. Our members and people, mainly through power of organization, have been able to secure fairly decent working conditions and, in most branches of the printing industry, a living wage. In one branch of it, however, where a large number of women are employed, at least one-half of the women employed in the industry do not receive what is supposed to be the lowest wage possible for a woman to support herself on properly in this country.

All of these matters are distinctly up to your committee, and while we appreciate that the last election by its vote for the pledges of the Democratic Party went on record for a revision of the tariff, we believe that it was a revision which would give better protection to the American workman and an opportunity not only to enjoy the conditions he may have at the present time, but that it would give him greater opportunities to secure better conditions in the future. In some industries there have crept in some very flagrant abuses on account of the tariff, but we are absolutely sure that this is not so of the printing industry; and we believe that while your committee no doubt will reduce the tariff in some instances where these abuses have been shown to exist, that they will commit a serious error and an irreparable injury to the printing industry in this country if there is any reduction in the present tariff rates. We are of the opinion that if it is the desire of your committee to protect this great industry, the tariff should be raised in some of its branches. It may be safely assumed that the larger proportion of our membership have voted the Democratic ticket, but when doing so they had no intention of voting for a reduction on a tariff which would work an injury to themselves, and we trust that your committee, when arriving at its conclusions on this vital question, will take all of these matters and the foregoing statements into consideration. This organization is ready at all times to cooperate with and assist your committee in every way in arriving at its conclusions, and we would appreciate very much your informing us as to what your decisions are likely to be on this question before same are finally adopted.

Yours, respectfully,

PETER J. BRADY, *Secretary.*

TESTIMONY OF JAMES L. FEENEY, WASHINGTON, D. C.

The witness was duly sworn by the chairman.

Mr. FEENEY. Mr. Chairman, I have been requested to appear here for the International Brotherhood of Bookbinders, which is an organization which has in its membership the bookbinders of the United States. They will file a brief later on in the session, and I simply want to speak on one particular part of the tariff act, and that is regarding that clause in the free list allowing books printed over 20 years to be admitted free of duty. My belief is that when that act was passed by Congress it was the intent of Congress to include the binding of the book as well as the printed book.

Mr. HULL. How long has that provision been in the tariff law?

Mr. FEENEY. I believe for a number of years. But up to 10 years ago it was interpreted by the customs officials so that no book could come in if it was rebound without paying a duty; I think that was in 1902.

I want to say, Mr. Chairman, that up to 10 years ago we had over 1,000 men in New York City engaged in what is called art binding—that is, the extra binding—and when that decision was rendered by the Treasury Department those books were sent from America to

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England and France, and brought back here, and came in duty free. The result is to-day that we have not got 200 men in that class of work in New York, and a great many of them had to get out of their trade and take up other businesses, even becoming, some of them, car conductors and motormen—high-class skilled men.

In the city of London there are a great many of those binderies called art binderies. I made a visit there a few years ago and I was astonished to find in one bindery nearly all the customers were Americans. I saw a set of books costing \$100 apiece, bound for one of our noted bankers in New York, and also in another bindery which I visited I found almost all their customers were Americans. In fact they claimed that without the American trade they could not exist.

Now, if that is granted—I do not think it is either an increase or a decrease of the tariff, but I think it is merely righting a wrong in the law. I think Congress meant, in the passage of that law, that books should be printed and bound over 20 years and the word "bound" was not put in the act. A book printed I would consider an unbound book; putting a cover on it makes it a bound book. And when it comes into this country printed only five or six years ago, there is a duty put on it; there is a 25 per cent duty on it. The law reads "over 20 years." But what we find fault with under that act, more than anything else, is that an immense number of books are sent from our country abroad to be rebound, and then come back here and are admitted duty free. American bookbinders lose all the labor on that work.

Mr. HULL. Does that embrace a large amount of the cheaper leather-bound books.

Mr. FEENEY. Not so much in the cheaper grades, as it is in the high-class leather books, and what we call art books, that is, high-class finishing on those works where it takes from 5 to 100 hours to bind a book; it takes the same number of hours in New York to bind a book as in London, but the labor there in London is cheaper, and the result is they bring in the books cheaper.

We have a man in this country now, an Englishman, who has come over here to get our library books; I believe he has got on his staff somewhere around 150 libraries. And he gets the books and takes them to a little bindery which he has in Brooklyn, and then he ships them to his big bindery in Bath, England, and they are bound and brought back to this country, while our binders walk the streets, and a great many libraries in the different towns and cities have their books bound by him, and our citizens are taxed to support those libraries, and the money goes to enrich those foreign binders while our own workmen walk the streets. That is the fact in the city of New York. In the city of New York he had the contract, I believe, for the city library, and the books were going abroad until the unions of New York City took the matter up and had an act passed by the New York board of aldermen preventing the city library books from being sent abroad to be bound.

My union does not ask this committee or Congress anything, except simply that little amendment of the law, which is simply righting a wrong which was unintentionally put into the statute. I do not

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consider it either increasing or decreasing the tariff. The provision that all books bound over 20 years may be admitted free of duty—we do not object to that. Let them come in 50 or 100 years old, with their original covers on, but when they are sent abroad to be bound and then come back and have on them an imprint that they have been printed over 20 years, we do not consider that proper.

We also suffer a good deal from the foreign-language books admitted free of duty. But we have no objection to that, with the exception of sending back the foreign books to be rebound in Germany, France, and England, and we simply lose the labor of doing that.

I want to tell the committee now, that in the city of New York our trade is extremely dull and a large number of men are out of work, and no doubt they would be all employed if that one clause was inserted in the tariff act; and we simply make that as a request.

And in closing, Mr. Chairman, I will say that the international president and secretary of our organization will file a brief here, giving more details, regarding that one particular clause and what we want done.

Mr. HULL. Do you agree to the amendment that was proposed by Mr. Brassel, in his statement?

Mr. FEENEY. I think it is a very good one; yes, I do.

Mr. HULL. Would that cover the situation?

Mr. FEENEY. Yes, that would cover it. That was a very excellent amendment—and I paid a good deal of attention to it while he was reading it.

Mr. HULL. Well, the cheaper bound books of this class can be bound almost as cheaply here as they could there, could they not?

Mr. FEENEY. The cheaper bound books, we have not had a great deal of trouble with. It is mostly with the leather-bound books that we have had trouble.

Of course, the salaries are higher here than they are abroad. The average wages of a bookbinder in New York run from \$18 to \$23, while the scale of wages in England runs from 30 shillings to 32 shillings a week, which is about \$8 to \$8.50 of our money. I made a particular study while I was abroad, and I want to tell the chairman and the gentlemen of the committee that the men in our craft live better here in this country than what I saw in the city of London, and I am proud of that condition of affairs.

Therefore we want that clause in. We do not want to deprive the American people of getting the educational books, and we only ask a fair deal in this matter, so that that work that can be done in this country should not be sent abroad for the sake of saving a few pennies to the owner of the books while at the same time depriving our workmen of this work.

Mr. HULL. The sending of these works abroad to be bound in this way is not on account of the design or the particular binding so much as it is the difference of cost; is that true?

Mr. FEENEY. That is it. You have got it right. A few pennies in cost, because they simply go below the American bookbinders' price. Where the American bookbinders would charge \$1.50, they would do it for \$1.30, and just go below that price; the rate of freightage is very low, and the binders of London and other European cities are now busy, while work in our binderies is slow.

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We had an organization which ranged up to several hundred members, a flourishing organization of highly skilled men; and I would like to make the statement right now, in answer to what Mr. William Parker Cutter said four years ago, giving one reason why he sent books abroad, as being because he could not get them bound as well in this country. I want to deny that, Mr. Chairman, and say that we have just as highly skilled bookbinders in America to-day as can be found in any city or any country in this world. We have the advantage, if I do say it, of other countries, because we have all nationalities in our country, and we have in the city of New York alone, city of Chicago, and other cities men of great skill. But, like all other classes, they have got to keep in practice. Where there is no work to practice their skill on, why no doubt they will go down.

Of course we have some shops in New York where we have American citizens who do not mind the increase of cost in price and give the work to the American bookbinders; and then we have the other class, that want to save the pennies and the dollars, and they send the books to the other side of the pond, and back they come to this country bound, and their money goes over there and we lose that.

**TESTIMONY OF R. E. MAGILL, SECRETARY AND TREASURER,
PRESBYTERIAN COMMITTEE OF PUBLICATION, RICHMOND,
VA.**

The witness was duly sworn by the chairman.

Mr. MAGILL. Mr. Chairman, I recognize it is somewhat unusual for a representative of a church institution to appear before a committee of this kind in a discussion of what seems to be purely financial matters, but as we are directly interested in some of the articles affected by the tariff laws, we ask permission to make a statement, and I think I can make it within the time allotted, with your permission. May I say further: that in presenting this statement, I am speaking for myself and the particular publishing house I represent. I also have in support of my statement letters from representatives of other publishing houses. I shall therefore ask the privilege of filing their original letters as a part of my presentation.

The CHAIRMAN. You have that privilege.

Mr. MAGILL. Mr. Chairman, the publication boards and agencies of the churches are charged with the duty of furnishing to their constituencies Bibles, works discussing theological questions, books of an educational and inspirational character, dealing with present-day problems, and supplies of every kind for Sunday-school work. Believing that the present tariff rates add unnecessarily to the cost of much of this material, the undersigned respectfully petitions for legislation that will remove entirely, or materially reduce, the existing tariff on the items I shall name.

First, Bibles. Prior to the War Between the States a tax of 8 per cent was levied on Bibles, but a rate of 25 per cent was fixed by the exigencies of the war period, and it has stood unchanged for a period of about 50 years.

This tax, in the judgment of your petitioner, should now be entirely removed. The amount derived from this source does not materially

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add to the revenues of the Government, and the argument that this duty is needed to protect publishers and manufacturers who publish Bibles in the United States, is, in our judgment, outweighed by the interests of the great mass of people who need to be supplied with Bibles.

It is generally known that a large part of the Bibles of medium and high grades sold in the United States are published abroad, chiefly in England, and the 25 per cent tariff is ordinarily added to the price of every imported copy.

Only a few firms or corporations in the United States are engaged in the production of Bibles, and the largest of these, the American Bible Society, is supported largely by the gifts of those who are interested in the beneficent work of the society. Where sales are made, it (the American Bible Society) proposes to furnish its editions at the cost of production, and, further, it plans to make a gratuitous distribution of a large part of its output.

We believe that the price of Bibles wholly manufactured in the United States is increased by the tariff on imported Bibles, and it is our judgment that the removal of the present tariff on Bibles will inure to the benefit of the general public.

The importance of encouraging the circulation of the book which contains the code of law and morals on which our civilization rests needs no argument, and it is not conceivable that the Government of the United States is in such sore financial straits that it needs to impose a tax on the work which Macauley had in mind when he said, "There is but one book."

Second. Books, religious, scientific, and general. The present law admits free of duty books printed chiefly in languages other than English, books for public libraries and educational institutions, and all books which have been published for 20 years or over. A tariff of 25 per cent is imposed upon all other books imported, and this might well be designated as a tax on enlightenment, and can in our judgment be dispensed with in view of the benefit to our citizens of making easily accessible the best literature of other lands. It is not defensible as a revenue measure, as it yields only a nominal sum to the Government.

As a protective measure it is futile, as no economic barrier the Government can erect will produce a finer quality of brains in the United States, and if an American author has a message of vital human interest he can find a publisher, and his books will be bought and read.

The present embargo of 25 per cent on imported books results in the book-buying public having to pay considerably more than the price at which the works are sold where they are published.

It is worthy of note that by far the larger part of the books now imported are of an educational or semieducational character, and a generous per cent of the imported titles consist of works discussing theological matters and themes vitally related to the life of the church. Such works naturally find their largest market with the ministers of this country, and this group of men, by reason of their lives of self-sacrifice and their devotion to the uplift of humanity should not have the tools which enlarge their efficiency unreasonably

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increased in cost by an arbitrary governmental tax. The average salary of the ministers of the churches of America is reported as being a little less than \$800 per annum. This is a reflection upon the denominations which permit such conditions to exist, but it emphasizes the need of giving these spiritual leaders of our people an open market in which to buy material for enlarging their equipment, and our Government should be more liberal than to limit the free list to books which are 20 years out of date.

We therefore respectfully petition for the removal of the existing tariff of 25 per cent on books not now on the free list.

Third. Paper stock for newspaper and book printing. The publishing houses engaged in furnishing Sunday-school periodicals to the churches of the United States issue papers which have a combined circulation of about 1,000,000,000 single copies annually. They require for this enormous output about 25,000,000 pounds of white paper. In addition, they require large quantities of high-grade book papers for the large number of books they publish for their constituencies. The present tariff rates prevent a large importation of printing papers, and your petitioner believes operate to increase the price on domestic stock. An increase of half a cent a pound on white paper represents an added cost of about \$150,000 per year to the expenses of the church publishing houses.

We believe a further reduction of the rates on blank paper will result in a decrease of prices on domestic papers, and an increase in the revenue of the Government owing to the greater quantity of stock that will be imported at the lower cost.

We therefore respectfully petition for a revision of Schedule M, paragraphs 409, 410, 411, 413, 414, which will provide a substantial reduction in the rates now prevailing.

Fourth. Lithographic material—Booklets, cards, pictures, calendars, children's books. The church publishing houses use large quantities of lithographic material, covered under paragraphs 412 and 416 of Schedule M of present law, and the rates were materially advanced on a large number of items by the tariff bill of 1909.

A line of cards largely used as rewards in the Sunday schools which can not at present be furnished by American manufacturers was advanced from 5 to 9 cents per pound. The rates on Christmas and other seasonal greeting cards, which are used by millions of Americans, were advanced about 90 per cent. On lithographic cards containing views of American places or objects rates were fixed which were plainly designed to throw all this work into the hands of manufacturers in the United States. The rates on such cards are prohibitory and were evidently fixed with this end in view.

The purpose of every advance was evidently to discourage the use of foreign-made goods, and to force the trade into the hands of manufacturers in the United States. To their credit it should be said the American manufacturers and lithographers have shown some improvement in the character of their product, but they are not yet able to meet the demand for the high-grade artistic material required by the American market.

Of the vast quantities of Christmas and other greeting cards, of decorated booklets, scripture-text cards, wall mottoes, and children's

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books in colors, used by millions of Americans, we express the conviction that the major part of the high-grade stock is still imported from abroad.

The net result of the changes in rates made in 1909 seems to be that the public is paying higher prices for all high-grade imported lithographic material without corresponding benefit to the manufacturers, in whose interests the schedules were apparently framed.

The situation, in our judgment, warrants a downward revision, and we petition for a radical reduction in rates fixed by the act of 1909.

The following is a list of additional church publishing houses who have indicated in writing their approval of a petition for the removal of the tariff on Bibles and religious books in general and a reduction in rates on lithographic material largely used in Sunday school work. The original letters are filed as a part of this statement.

Communicants United States Census Report.	
Lutheran Publication Society, Philadelphia; F. L. Sigmund, superintendent.....	302, 440
Sunday school board, Southern Baptist Convention, Nashville, Tenn.; J. M. Frost, secretary.....	2, 268, 708
United Brethren Publishing House, Dayton, Ohio; W. R. Funk.....	292, 682
Standard Publishing Co., Christian Church, Cincinnati, Ohio.....	87, 478
National Baptist Publishing Board, Colored Baptists, Nashville, Tenn.; R. H. Boyd, secretary.....	1, 986, 222
Publishing House, Evangelical Association, Cleveland, Ohio; C. Hauser, agent.....	108, 666
Publishing House, Colored Methodist Church, Jackson, Tenn.; J. C. Martin, agent.....	234, 721
Eden Publishing Co., St. Louis, Mo.; Ernest H. Myer, agent.....	32, 112
Free Methodist Publishing House, Chicago, Ill.; W. B. Rose.....	116, 815
Board of Publication of the Reformed Church in America, New York; Louis Turk, business agent.....	188, 439
Methodist Protestant Board of Publication, Pittsburgh, Pa.; F. W. Pierpont, agent.....	297, 116
Publication and Sunday School Board of Reformed Church in the United States, Philadelphia, Pa.; Rufus W. Miller, secretary.....	1, 363, 116
Christian Publishing Co., St. Louis, Mo.; A. C. Smithers, manager.....	3, 186, 862
E. R. Graham, of Jennings & Graham, Chicago (western branch); Publishing House, Methodist Episcopal Church.....	

I also attach letters from the business managers of two of the largest denominational publishing houses expressing dissent from the conclusions of this brief:

A. F. Stevens, of Eaton & Mains, New York (one of three publishing houses of the Methodist Episcopal Church).....	3, 186, 862
F. M. Broselman, business manager Presbyterian Board of Publication, Philadelphia, Pa.....	1, 328, 714

Mr. RAINEY. Do you think the tariff on Bibles brings up the price of Bibles brought into this country?

Mr. MAGILL. That is my contention.

PHILADELPHIA, PA., January 16, 1918.

Mr. R. E. MAGILL,
Presbyterian Committee of Publication, Richmond, Va.

MY DEAR MR. MAGILL: Replying to your circular letter, we approve of your petition with reference to the reduction in the 25 per cent tariff charge on books and Bibles, and express the hope that there may be a material reduction by Congress.

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We also approve of decided reductions in the tariff charges on lithographic material. Much of this material, in the form of Scripture cards and post cards, is used in Sunday schools and must be sold at the lowest possible price in order to advance the cause of moral and religious education among the young.

You have our unqualified support in recommending lower tariff rates on books, Bibles, and lithographic printed material.

PUBLICATION AND SUNDAY SCHOOL BOARD OF THE REFORMED CHURCH.
RUFUS W. MILLER, *Secretary*.

UNITED BRETHREN PUBLISHING HOUSE,
Dayton, Ohio, January 9, 1913.

Mr. R. E. MAGILL,
Box 883, Richmond, Va.

DEAR MR. MAGILL: I have your letter of January 3, and am glad you are going to appear before the Committee on Ways and Means January 17, and hope that you will be successful in urging the removal of the present tariff on Bibles, religious books, etc. I am in hearty accord with your effort. None of our representatives will be able to be with you at Washington, but I will think of you as you lay yourself out to bring about this needed change.

Thanking you most sincerely, I am, very respectfully,

W. R. FUNK.

CINCINNATI, OHIO, *January 9, 1913.*

R. E. MAGILL,
P. O. Box 883, Richmond, Va.

DEAR SIR: Replying to your favor of January 3 with regard to reduction of tariff on Bibles and religious publications, we beg to say that we are in hearty sympathy with your movement, and shall be glad to join with you in anything practical that may lead to that result.

As to any specific statement, to give it in full would require more study than we have now time to give it, and will content ourselves with this general approval of the movement.

With assurances of our heartiest sympathy and cooperation, we remain,

Faithfully, yours,

THE STANDARD PUBLISHING CO.,
Per RUSSELL ERVIN, *Treasurer*.

THE LUTHERAN PUBLICATION SOCIETY,
Philadelphia, January 7, 1913.

MY DEAR MR. MAGILL: You are probably much better informed regarding the facts involved in the present tariff on Bibles and religious books than we are, and any effort that we might make to formulate an argument in favor of the removal of the present tariff would fall short of what you yourself are able to do.

You may quote us, however, as in favor of any change which will make it possible for us to admit duty free or at a lower rate theological books and other religious printed matter from Great Britain or Germany which our constituency might be likely to call for.

It is not probable that we will be able to send a representative to join with you in this argument. At any rate our help would be inconsiderable, but what moral support you can secure from this letter you are fully entitled to.

Very sincerely, yours,

F. L. SIGMUND, *Superintendent*.

Mr. R. E. MAGILL,
Secretary, Richmond, Va.

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SUNDAY SCHOOL BOARD,
SOUTHERN BAPTIST CONVENTION,
Nashville, Tenn., January 6, 1913.

Mr. R. E. MAGILL,
P. O. Box 883, Richmond, Va.

DEAR BROTHER MAGILL: Your favor of the 3d instant came to hand this morning. I have no distinct preferences or notions concerning the matters about which you write. Speaking in a general way, I, of course, should be glad to have a low tariff on Bibles and religious books. I should be glad to do anything I can to further that end.

Fraternally, yours,

J. M. FROST.

NATIONAL BAPTIST PUBLISHING BOARD,
Nashville, Tenn., January 8, 1913.

Mr. R. E. MAGILL,
Secretary, Box 883, Richmond, Va.

DEAR SIR: Your letter of January 3 reached me yesterday. I hasten to answer it to-day. You may quote us as heartily favoring your proposition set out in your letter.

Our board has no particular representative in Washington, but if you will call upon Mr. J. C. Napier, the Register of the Treasury, who is an associate in the banking business here with me, and who is a very particular friend of mine, I presume he is fully acquainted with all of the old congressional Members, and I am sure he will do anything in his power to assist you in a hearing before the committee.

I am sending him a note to-day in the same mail asking that he look out for you.

Yours, truly,

R. H. BOYD,
Secretary National Baptist Publishing Board.

NATIONAL BAPTIST PUBLISHING BOARD,
Nashville, Tenn., January 8, 1913.

Personal.

Mr. J. C. NAPIER,
Register of the Treasury, Washington, D. C.

DEAR MR. NAPIER: We received both your Xmas and New Year cards. Wife and all the family join me in extending thanks, and hoping, that since the holidays are over, the Federal machine is grinding off nicely.

The directors had their final annual meeting on last night, adopted and recommended to the stockholders some little changes in the by-laws. Our year's work showed up splendidly, except the expense was a little heavy. We declared the usual dividend and set aside the remainder to common stock and undivided surplus. Our regular annual meeting will be on the 13th.

Inclosed is a copy of a letter that I am sending to Mr. R. E. Magill, secretary and treasurer of the Presbyterian Board of Publications, at Richmond, Va., who will be in the Capital on the 17th to go before the committee on revision of the tariff. If you can see Mr. Magill and assist him in any way we shall count it a special favor. He is a particular friend of mine, and we are associated in the International Publishers' Council. He is wide-awake to the interests of religious publications, and is well versed in the needs of all denominations along religious lines.

I am sending him a copy of this letter, and I suppose he will call at the Treasury Building. If so, I ask that you take special care of him, giving him whatever aid you can in the pursuit of his work.

Yours, truly,

Secretary National Baptist Publishing Board.

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PUBLISHING HOUSE OF THE EVANGELICAL ASSOCIATION,
Cleveland, Ohio, January 9, 1913.

R. E. MAGILL, Esq., *Richmond, Va.*

DEAR MR. MAGILL: Your favor of the 6th instant relative to tariff rates on religious and allied material at hand. I am heartily in favor of a reduction of not less than 25 per cent on said material, inasmuch as it would help us in our importations. Years ago our importations were principally German, but that has fallen off considerably and we are strongly branching over into the English. Any encouragement that I may be able to give your efforts will be cheerfully furnished.

Trusting that your efforts will meet with success, I am,

Yours, very truly,

C. HAUSER.

St. Louis, Mo., January 6, 1913.

Rev. R. E. MAGILL,
P. O. Box 883, *Richmond, Va.*

DEAR BROTHER: We are in receipt of your favor of the 3d instant in regard to your appearance before the congressional Committee on Ways and Means. Dr. Smither is now in the West, but your communication will be forwarded to him, and he will, no doubt, reply to you direct before the day appointed.

Yours, very truly,

CHRISTIAN BOARD OF PUBLICATION.
W. P. SHELTON,
Assistant Manager.

St. Louis, Mo., January 10, 1913.

R. E. MAGILL, Esq.,
P. O. Box No. 883, *Richmond, Va.*

DEAR SIR: Your letter of the 6th instant, addressed to Rev. H. Frigge, Louisville, Ky., has been referred to us. We are pleased to learn that you are about to appear before the congressional Committee on Ways and Means, and we trust that your efforts in asking for the removal of the present tariff of 25 per cent on Bibles and religious books may eventually be crowned with success.

Viewed from a commercial as well as from an educational standpoint, such action should prove very beneficial to the public in general. While the denominational houses in America are not in the business for the mere love of it, it is nevertheless a fact that their first aim is to give to their patrons the very best and most reasonable service in order to spread good and wholesome literature, and thereby elevate the moral standards throughout our land. And to this end, we contend, it is not just on the part of the Government to put a premium on such work in the form of duty collected on Bibles and religious books.

The net profits of the denominational publishing houses are used exclusively for benevolent and charitable purposes, and by making inroads on the earning capacity of such houses in unduly levying duty on articles which ought to have the right of way for the sake of everything that is lofty, good, and noble, humanitarian, and charitable in the universal brotherhood of Christian men and women throughout all parts of the globe—yea, in the world-wide human family—the Government does not create the impression as being in sympathy with the lowly and downtrodden intrusted to its special care.

Yours, respectfully,

EDEN PUBLISHING HOUSE.
ERNST WM. MEYER, *Manager.*

THE FREE METHODIST PUBLISHING HOUSE,
Chicago, January 9, 1913.

R. E. MAGILL,
Secretary and Treasurer,
The Executive Committee of Publication,
Presbyterian Church in the United States, Richmond, Va.

DEAR MR. MAGILL: We understand that you are to appear before the congressional Committee on Ways and Means on January 17, when the question of reducing or changing the present tariff on books and allied material will be

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considered. We believe it is your intention to ask at that time for the removal of the present tariff of 25 per cent on Bibles and religious books.

This is to say that we heartily approve of such a measure, and hope that by the statement which you are permitted to make and by the filing of a brief to amplify your petition we may ultimately secure a reduction in rates on Bibles, religious books, and lithographed cards such as are used for rewards in Sunday-school work.

We would be glad to have some one represent us at Washington on the occasion if that were possible; but we have no doubt you will well represent our interests and those of other publishers respecting the question at issue.

Very truly, yours,

W. B. ROSE.

THE BOARD OF PUBLICATION OF THE
REFORMED CHURCH IN AMERICA,
New York, January 10, 1913.

The COMMITTEE OF PUBLICATION,
Richmond, Va.

DEAR MR. MAGILL: Your recent letter reached the office during my temporary absence. I am, of course, as a bookseller, in favor of any reduction of the tariff on books and, as a Democrat, in favor of all reductions of tariff of all kinds. There are no particular arguments that I can think of that can be used in favor of the particular reduction that interests you which can not be urged with equal force against most of the other items on the tariff schedule. The special argument in favor of Bibles, I suppose, would be that they would help the cause of religion, but a perfectly just retort to that would be that the Bible society has for many years been publishing Bibles below cost, so that no one is so poor that he need be without a copy. However, I wish you all success in your efforts, and am very glad to know that even one section of the book trade is to be represented at the hearing.

Yours, truly,

LOUIS E. TURK,
Business Agent.

METHODIST PROTESTANT BOARD OF PUBLICATION,
Pittsburgh, Pa., January 7, 1913.

Rev. R. E. MAGILL, *Richmond, Va.*

DEAR MR. MAGILL: Your favor, stating that you were to appear before the Ways and Means Committee in the interest of lower tariff on Bibles and cards, is at hand. We are in favor of anything that will make it easier to distribute more Bibles and more scripture verses on cards. The Bible houses of this country evidently have an agreement among themselves as to prices, a sort of a Bible trust, as it were, which I personally think has more to do with the advancement in the price of Bibles than possibly the tariff. I do not know anything personally, but when one gets cards from all the houses inside of two weeks advancing prices, it looks like a trust.

I do not think the lowering of the tariff in the case of lithographed cards would hurt the lithographers of this country, as they do not seem to be able to do this work at all satisfactorily. However, we are very small consumers of both cards and Bibles. Our main book house being at Baltimore, we handle no religious books at all only as mail orders come in, so I don't know that our opinion will be of much value to you, but you can use our name to your brief, if desired, in asking for a reduction.

Yours, fraternally,

F. W. PIERPONT.

PUBLISHING HOUSE OF THE C. M. E. CHURCH,
Jackson, Tenn., January 9, 1913.

Mr. R. E. MAGILL, *Richmond, Va.*

DEAR MR. MAGILL: I am indeed glad to know of your intention to appear before the congressional Committee of Ways and Means on the 17th instant in the interest of the religious student of this country. I do not believe that there

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should be a tariff on Bibles and religious books. These books should be so cheap that the poorest of the poor should have them in their homes for their families to read. I believe it the duty of this Christian country of ours to remove the 25 per cent tariff at once. I wish we had a representative to join you at Washington, D. C., in your fight for the masses and right.

Since we haven't one, we can and shall earnestly pray that God will give you the victory and the tariff will forever be removed from these books.

Yours, truly,

J. C. MARTIN.

THE METHODIST BOOK CONCERN,
Chicago, Ill., January 11, 1913.

Mr. R. E. MAGILL,
P. O. Box No. 883, Richmond, Va.

DEAR SIR: Replying to your letter of January 3, will say that it would give our Mr. Graham pleasure to meet you in Washington before your appearance there before the Ways and Means Committee on the 17th, if it were possible, but his engagements are so pressing that he can not find time to do so.

We believe that if you were to include the lithograph cards it would materially interfere with the project of getting a reduction on Bibles and other religious literature. We think that such matter should enter this country free from duty, but knowing the attitude toward lithograph cards and things of that sort, we are sure that it will hurt the position we take if we should include them with Bibles and religious books. It is true that they are used in our Sunday-school work, but the Ways and Means Committee will not consider that they are a part of our religious work and will not feel like giving us any favors if we insist on including them.

We shall be very glad to have a report from you relative to your appearance before the committee and its results if you can give it to us.

Wishing you every success in your effort, we are, very truly, yours,

EDWIN R. GRAHAM.

[Dissenting opinion on removal of tariff on Bibles.]

PRESBYTERIAN BOARD OF PUBLICATION AND SABBATH SCHOOL WORK,
Philadelphia, January 9, 1913.

Mr. R. E. MAGILL,
Secretary and Treasurer, 212 North Sixth Street, Richmond, Va.

DEAR MR. MAGILL: When you first wrote regarding the hearing before the tariff committee I was under the impression that these were open meetings at which anybody might attend who was interested, and where one would have the opportunity of offering suggestions if the occasion demanded. Since reading your second letter and learning of the difficulties of securing a hearing, and of the specific character of the communications to this committee and the course they must take, I shall have to reconsider my determination to be present either in person or by proxy.

It is a question after all whether we hold the same views with regard to this matter. It may be that you are a free trader on general principles and want duties removed or reduced on everything, and as I am a decided protectionist I can not feel that it would be to the best interests of the manufacturers of this country to have the tariff on either Bibles or lithographed stock reduced.

I was at a meeting of the American Publishers' Association yesterday, in New York, and, while a united front opposed to tariff reduction could not be obtained, at the same time there was sufficient sentiment manifested along this line to warrant the appointment of the manager, Mr. Tessaro, as a special committee to visit Washington in the interests of the publishing business in general.

Yours, very truly,

F. M. BRASELMANN,
Business Superintendent.

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DISSENTING OPINION OF REMOVAL OF TARIFF ON BIBLES.

NEW YORK, *January 13, 1913.*Mr. R. E. MAGILL, *Richmond, Va.*

DEAR MR. MAGILL: I understand from Mr. Braselmann that you did not send him a copy of my recent letter to you concerning the customs matter, therefore I wish to state positively that I am not in favor of your position in the matter of reductions, nor is this house in favor of such reductions. While I do not know just who you are to represent before the committee at Washington, if anyone other than your own house, but in the event that you are acting as chairman of the committee on publishers of the council please make it clear that the council's representatives are not unanimous, and that the Methodist Book Concern, New York, is not in favor of the reductions for which you seem to stand.

Yours, very truly,

THE METHODIST BOOK CONCERN,
STEVENS.BRIEF OF THE A. J. HOLMAN CO., PHILADELPHIA, PA., AS TO
BIBLES, ETC.PHILADELPHIA, *January 16, 1913.*

Hon. OSCAR UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We are informed that your committee is taking up the subject of tariff on books, and we take the liberty of acquainting you with some existing conditions and evils as applied to the importation of Bibles and religious books generally.

To begin with English Bibles: There is a duty on these editions of 25 per cent ad valorem, which does not cover the difference in cost of manufacture between Great Britain and the United States. English-made Bibles are sold freely in this country in competition with American editions, but American-made Bibles are not permitted to be sold in Great Britain at any price, the privilege being confined to English houses. Aside from the consideration of lower or higher duties, this situation should be relieved by the Ways and Means Committee.

Another unsatisfactory condition is that Bibles and prayer books printed in foreign languages may be imported free of duty (provided there is not a disproportionate value of the book in the binding). There are a great many of these books sold in this country, side by side with American-made editions in English and at the same prices, we believe, but at much lower cost of manufacture. There is no good reason, so far as we can see, why books in foreign languages should be admitted free of duty, except for educational institutions.

A third condition to be dealt with is English books printed and bound in Great Britain. The English publishers with American offices will probably contend that there should be no duty on these books, as it does not interfere with American publishing. It has probably interfered with the remedying of the other two situations mentioned in this letter.

Our excuse for writing this letter is that we are informed that the members of your committee are seeking information, and here it is. We hope for a proper adjustment of the evils noted above and respectfully represent that it is not a question of duty alone, but whether there is any reason why American-made Bibles should be barred from Great Britain and the British Colonies while English-made goods are sold here without let or hindrance.

Respectfully submitted by yours, very truly,

A. J. HOLMAN CO.
W. H. ISBISTER, *Treasurer.*

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THE JOHN C. WINSTON CO., PHILADELPHIA, PA., WRITE IN RE DUTY ON BOOKS AND BIBLES.PHILADELPHIA, PA., *February 10, 1913.*

Hon. OSCAR UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We understand there is a proposition before your committee to remove the duty on Bibles and other English books imported into this country. As somewhat extensive publishers and manufacturers of Bibles and noncopyright English books, we wish to call your attention to a fact which can not be disputed, namely, that the present 25 per cent ad valorem on these books does not cover the difference in cost of manufacture between Great Britain and the United States, and the lower cost of manufacture in Great Britain is due solely to the difference in the price of labor. The latest machines used in Great Britain for printing and binding are imported from the United States, so that our increased cost of manufacture here can not be attributed to poorer equipment or facilities.

The result is that Bibles and noncopyright books of English manufacture are freely and extensively sold in this country in competition with goods of American manufacture. We are having books printed and bound in Glasgow at prices that enable us to bring them into this country at a lower net cost, including duty and freight, than we are able to manufacture them for with our present scale of wages.

We do not believe that the wages paid in this country are excessive as compared with other lines of industry, and are as low as consistent with decent living on the part of the workmen engaged in this industry. Should the duty on Bibles be removed, it will inevitably compel American publishers to have their goods made in Great Britain instead of in this country, as we can not possibly compete with English houses and pay our present scale of wages.

We ourselves are owners of over 50 distinct sets of plates, representing over 500 styles of Bibles, which we manufacture in this country, and we believe it will be admitted that there is no piece of merchandise in the market—certainly no book—that is retailed at a lower price as compared with actual value furnished than the English Bible. There is very active competition among American publishers, which keeps the price down to the lowest possible point consistent with cost of manufacture and marketing.

In this connection you should also take into account the fact that American made Bibles are not permitted to be sold in Great Britain at any price, the privilege being confined to English houses, whereas these English houses sell their books freely and extensively in this country.

If more detailed information is desired, we shall be glad to supply it.

Yours, very truly,

THE JOHN C. WINSTON CO.
 JOHN C. WINSTON, *President.*

RESOLUTIONS OF THE PHILADELPHIA, PA., PRINTED BOOK BINDERS' UNION.PHILADELPHIA, *February 7, 1913.*

Hon. OSCAR W. UNDERWOOD,
Member of Congress, Washington, D. C.

MY DEAR MR. UNDERWOOD: Find inclosed resolution which is self-explanatory, trusting you will give this your careful consideration.

Wishing yourself and administration much success, believing me
 Sincerely,

J. HOWARD BERRY,
1305 Arch Street.

Whereas it has been brought to our attention that the Presbyterian Publication committee appeared before your honorable body requesting that all religious publications be placed upon the free list, also asking that the 25 per cent duties on Bibles be taken off; and

Whereas we, members of Local No. 2, International Brotherhood of Bookbinders, which have a membership of over 15,000 mechanics, both male and female, throughout the United States who are employed in making these Bibles and religious books, and who are a part of this great constitution endeavoring to build up our industries by having uniform laws maintained where the journeymen and apprentices can earn living wages and support their families properly; and

PARAGRAPH 416—BOOKS.

Whereas at the present time here in Philadelphia the largest Bible publication house in America, employing hundreds of skilled mechanics, and having done abroad thousands of dollars worth of Bibles and religious publications each year under our existing tariff laws, and by placing Bibles and all religious publications upon the free list, as advocated by the Presbyterian committee, would mean throwing out of work thousands of employees throughout the United States and closing down our workshops, for if American mechanics can not compete with the foreign labor under our present tariff laws it would mean the elimination, as far as the American workmen are concerned, of our present book industry if all books were placed upon the free lists; and

Whereas at the present time figures taken from statistics showing the difference between the American and foreign paid labor and hours work per day; with almost the elimination of child labor in America, but not in force in some of those foreign competitive countries in which American labor must compete against, also in foreign countries operating our American-manufactured labor-saving machines same as is operated in our country.

Countries.	Hours per day.	Maximum wages per week.	Remarks.
Germany.....	9	\$6.00	Work home at nights.
France.....	9	7.00	Do.
England.....	9	12.00	Child labor.
Belgium.....	10	6.00	Sweat-shop system.
Russia.....	10	5.00	Do.
Austria.....	10	5.00	Do.
Italy.....	10	4.50	Do.
Spain.....	10	4.50	Do.

¹ Or more.

Also, in some of these countries the mechanics' families are working on book covers during the day, while the fathers and brothers are in the binderies. In Belgium, Russia, Austria, Italy, and Spain children are employed in these workshops 10 and 12 years of age, while in the United States our child-labor laws in most States prohibit girls and boys from working in factories under certain ages, which at an average is 4 to 6 years above those in foreign countries. These are the conditions confronting the American mechanics and workmen, who receive most universally the eight-hour day, and wages ranging, in the book industry, from \$18 to \$22 per week, along with our great cost of living here in America, and

Be it resolved, Local No. 2, International Brotherhood of Bookbinders do hereby unanimously protest against any such reductions, knowing the deplorable calamity it would cause not only to the bookbinding industry but throughout the printing trades, and

Be it further resolved, That Local No. 2, International Brotherhood of Bookbinders recommend an increase on the present tariff on Bibles and religious books, also all books bound in foreign countries, printed sheets, flat or folded, books partly bound, covers for books, either leather, cloth, or any material used in binding books, or cases or book covers for books, with or without any labor upon the same, pieces of leather or any other materials stamped or printed for books or book cases, should have sufficient duties added to equalize the difference between American and foreign paid labor, and

Be it further resolved, Local No. 2, International Brotherhood of Bookbinders wish to present the deplorable conditions of their industry caused by the unjust discriminations of our import laws, not only Bibles and religious books, but our fine bindings that have left our shores to be done in foreign binderies, which it has forced in America the closing of our fine binderies, and forcing our mechanics into other fields, after spending their lives in becoming masters of their respective trades, and

Be it further resolved, We ask for no advantage over our foreign competitor, but place the tariff high enough that it will equalize the difference paid labor in European countries and the United States, and if the foreign countries can produce a superior and cheaper book after all conditions are equal, then they should have the trade on supremacy.

A. NORMAN HANNINGS, *President*.
WILLIAM J. LEWIS, *Secretary*.

[SEAL.]

PARAGRAPH 416—BOOKS.

SUNDRY BRIEFS CONCERNING THE TARIFF ON BOOKS.

GEORGIA STATE TYPOTHETÆ,
Macon, Ga., January 7, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: It has been brought to my attention that your committee will on the 17th instant take up the question of tariff on books and printed matter. It is earnestly desired that the present tariff on these articles be not removed, since it would work a great hardship to the many companies who have installed expensive equipments for doing the best grade of book and catalogue work. The cheap work turned out in some foreign countries has to some extent already found its way into this country through the mails and free of all duty, and I sincerely hope that the way may not be made easier for more of it to come in.

The printers of this country have never been money makers, have no trust, and do more for the general good of the businesses, large and small, than any industry known. If they have managed to exist only with the present tariff, I feel sure that the removal of this duty will put many of us out of business.

Trusting that you will, with your usual good business judgment, see the justness of the claim of our craft, I am,

Yours, truly,

E. W. BURKE, *President.*

BRIEF OF THE TYPOTHETÆ OF THE CITY OF NEW YORK.

[An organization composed of over 100 printing and printing-supply houses and the Ben Franklin Club of America.]

In the matter of tariff rate on books and printed matter.

For almost 50 years the tariff rate on books and printed matter has been 25 per cent ad valorem. Since the act of 1864 to the present day it has been uniformly the same. This is a significant circumstance when it is remembered that in that time there have been many tariff acts in the preparation of which the same careful and diligent investigation of the conditions of the trade have been made as is now being made by the present committee. Beginning with 1887 wages have steadily increased (over 30 per cent) and working hours have steadily decreased (over 20 per cent).

It would appear, therefore, that the time has come for an increase of the tariff rate to at least 35 per cent, if this industry is to continue to employ hundreds of thousands of workmen at high wages. During the last three years great quantities of printing that was formerly done in this country has been done abroad.

Proprietary article manufacturers and dealers in patent medicines and many others are now having their advertising literature printed abroad and distributed in this country through the foreign mails, and publishers of periodicals and magazines, who give bound books as premiums with a year's subscription, are beginning to ship their electrotype plates abroad to be printed from.

It is profitable for the foreign printer to do this work, because his hours of labor are longer and the wages paid to his workmen are only a little over one-third as much as paid in this country. It is profitable for the publisher, who is fast becoming an importer, to send such work abroad, notwithstanding the present duty and the freight charges added to the foreign cost of printing. Forty years ago the making of books, printing and binding, was done almost entirely by hand; few of the processes were done by machinery. At present every process (some 20 or more) are now done entirely by machinery. This machinery, of American invention and manufacture, has been introduced into foreign countries and, operated by their cheap labor, has further worked to the disadvantage of the American printer.

The foreign printer has his plant well equipped with machinery, tools, and appliances and, with his cheap help and longer working hours, is ready for business, willing to increase his plant, has agents in this country, constantly canvassing for business that is not immediate; in fact, almost all noncopyright

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work is now done abroad and sent to this country. The manufacturing of the works of standard authors that comprise so large a percentage of our reading is now done in foreign countries, and a higher tariff should be enacted to enable the American printer to counteract this now insurmountable condition.

A table of comparative wages abroad and in this country is annexed hereto for the information of the committee. A careful study of this table will show the need of a higher rate of duty. In the city of New York, during the year 1912, no book-printing plant, either large or small, has made a fair profit on the year's business. Most plants have barely earned their running expenses, many have run behind, and during the past two years many concerns have failed and gone out of business. The printing industry is the sixth largest in the United States and the second largest in the State of New York. Yet printers are proverbially poor—there are no millionaires among them—and while other industries have formed trusts and combinations, no man or group of men have ever considered the forming of a trust in the printing industry.

The employee has suffered in common with the employer and for the past two years has not averaged over 250 days' work out of the 300 working days in the year.

A few of the stronger men in the printing business, realizing the present deplorable condition of the industry, have caused to be sent out educational literature to the trade suggesting economies in manufacture, cost-finding systems and efficiency methods have been introduced, schools of instruction have been established, all to improve conditions, but this has not mitigated the demoralization caused by the low rate of duty. The tariff on importation of printed matter is now the main concern. If it is increased, the work that now goes abroad will remain here to help the industry.

The committee should not confuse the publishers of books, newspapers, or periodicals with the printers of the same. Printers have nothing to sell but labor, as the paper stock is supplied by the customer. There are very few book publishers who are printers. Most of the periodicals and magazines are not printed by the concerns which publish them, and nearly all noncopyright books sold by publishers are printed abroad. Many of the so-called publishers of the day are engaged in the business of importing from abroad books to be sold in this country. Attention is directed to the table of importations of printed matter during the past five years, annexed hereto. These official figures of importations of books and printed matter do not include the vast quantities of advertising literature (dutiable) that can not be computed, printed and mailed abroad and sent into this country through the post office without payment of any duty.

It will be noted that the importation of books and printed matter free of duty exceeds the dutiable, and the great quantities of books already admitted free to this country should be considered in the making of a new tariff rate. From this table it will be seen that during the past five years over \$30,000,000 worth of printed matter has been imported into this country.

Most of this printing should have been done in the United States. The slightest reduction of the tariff would greatly increase the amount of importations and close many of our printing and binding concerns. A reduced tariff rate with the present condition of business would mean absolute ruin to many employers of labor and consequent reduced wages and many idle workmen.

This is an industry that has nothing whatever to do with the high cost of living; from 55 per cent to 75 per cent of the cost of its product is labor. This also should be considered in the making of a tariff.

In a word, it is an industry that in its present condition needs a tariff; it needs a tariff higher than the present rate, because that rate has not proven sufficient to prevent the tremendous influx of foreign-made books and printed matter that has come in and is coming in in increased quantities and which is mainly responsible for the present depressed condition of the book printing and binding industry.

Respectfully submitted.

J. W. BOTHWELL,
R. W. SMITH,
ALFRED E. OMMEN,

Tariff Committee, Typothetae of the City of New York.

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Tariff rate on books and printed matter under the various acts.

Act of—	Per cent.	Act of—	Per cent.
1861.....	15	1890.....	25
1862.....	20	1894.....	25
1864.....	25	1897.....	25
1883.....	25	1909.....	25

Importations of books and other printed matter between the years 1907–1911.

Free of duty:

1907.....	\$3, 379, 182
1908.....	3, 071, 173
1909.....	2, 996, 501
1910.....	3, 390, 311
1911.....	3, 250, 119

Importations of books and other printed matter between the years 1907–1912.

Dutiable:

1907.....	\$3, 072, 127
1908.....	2, 965, 520
1909.....	2, 630, 123
1910.....	2, 642, 764
1911.....	2, 855, 496
1912.....	2, 574, 020

Table of comparative wages of compositors and pressmen of the United States and Continental Europe.

Country.	Workmen.	Weekly wages.	Weekly hours.
United States (New York).....	Compositors, hand.....	\$25.00–\$30.00	48
	Compositors, machine.....	26.00–30.00	.....
	Pressmen, flat-bed.....	26.00–30.00	.....
England (London).....	Pressmen, rotary.....	32.00	48
	Compositors, hand.....	10.00	.....
	Compositors, machine.....	12.00	50
Scotland (Edinburgh).....	Pressmen.....	12.00–15.00	50
	Compositors, hand.....	8.50	.....
	Compositors, machine.....	10.00	50
Germany (Berlin).....	Pressmen.....	9.00–12.00	50
	Compositors.....	9.00–10.00	54
	Pressmen.....	7.00–9.00	54
France (Paris).....	Compositors, hand.....	8.00	60
	Compositors, machine.....	12.00	48
	Pressmen.....	10.00	60

¹ And upward.

BEN FRANKLIN CLUB OF AMERICA,
Chicago, January 14, 1913.

On the 9th of January, at a meeting of the executive committee of the Ben Franklin Club of America, a national organization composed of over 1,000 master printers, employing thousands of workpeople, and with an investment of over \$50,000,000, it was, on motion duly made and seconded:

“Resolved, That the Ben Franklin Club of America strongly protests against any reduction being made of the tariff on books and printed matter, on the ground that if it is removed or materially reduced it will work a great hardship on the printing industry and on the thousands of employees gaining their livelihood in the business.”

In view of the fact that the subject is to come up for consideration of the Committee on Ways and Means of the House of Representatives, at Washington, D. C., it was further

PARAGRAPH 416—BOOKS.

"Resolved, That First Vice President Charles Francis, of New York, appear before the said Committee on Ways and Means and there represent the Ben Franklin Club of America, urging by every means in his power no reduction in the present tariff, which is at present, in the opinion of the executive committee of the Ben Franklin Club of America, too low. Already much book and printed matter which should be done in America is being produced in foreign countries to the detriment of our employers and employees."

Given under our hand and seal this 11th day of January, 1913.

[SEAL.]

BEN FRANKLIN CLUB OF AMERICA.

WILLIAM J. HAETMAN, *President*.

CHAS. FRANCIS,

First Vice President of Ben Franklin Club of America.

HENRY ALLEN, *Secretary*.

SAVANNAH TYPOTHETÆ,
Savannah, Ga., January 13, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: We are advised that a hearing on reduction of tariff on books and printed matter will be held on January 17.

On behalf of the members of the Savannah Typothetæ, composed of the employing printers of the city of Savannah, we ask that you take into consideration that notwithstanding the present tariff on printed matter a large amount of commercial printing describing various articles for sale is now being printed abroad because of the cheap production cost and sent to consumers through the mails in this country without payment of any duty.

If the tariff is reduced on printed matter, a still larger amount of advertising matter will be printed abroad and shipped to this country, thereby competing with manufacturers and their employees in this country. The printing business is in general not a very profitable business for the amount of energy expended and the training necessary to the proper conduct of the business.

The statistics will show that there is not one printer out of a thousand who has ever become enormously wealthy from the profits of his business in this country.

We direct the attention of your honorable body to this in order that you may consider this carefully in behalf of the printers of this country and protect their interests wherever possible.

Respectfully, yours,

SAVANNAH TYPOTHETÆ,
D. A. BYCK, *President*,
H. VAISBERG, *Secretary*.

NEW YORK, January 15, 1913.

DEAR SIR: We beg leave to submit our opinion that the rate on the present tariff of 25 per cent levied on books should be reduced. Our belief is that it should be reduced to 20 per cent or even 15 per cent, as was once contemplated in the consideration of former tariff bills. The truth is that the copyright law practically protects all books issued in this country. The tariff is thus levied, in the main, upon literary or scientific works imported in small quantities for the benefit of students or scientists. The sale of such works is too small to justify the cost of American manufacture, and in too many cases they have to be sold at prices which are beyond the means of those requiring them.

In general, our attitude about the matter is the same as the brief submitted to the Committee on Finance of the Senate by Messrs. E. P. Dutton & Co., of New York.

Yours, very truly,

DUFFIELD & Co.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee,

The Capitol, Washington, D. C.

PARAGRAPH 416—BOOKS.

THOMSON & Co.,
New York, January 13, 1913.

MR. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: I inclose a carbon copy of a letter that I am sending to the United Typotheta of America, who are asking its members to write you and your fellow members protesting against a reduction of the tariff on books and printed matter.

I voted at the last election, as I have done frequently before, for a reduction of the tariff all along the line, and I hope and pray that you will be able to do it, and do it quickly.

Yours, very truly,

JAS. R. THOMSON.

JANUARY 14, 1913.

U. T. A. LEGISLATIVE COMMITTEE,
148 High Street, Boston, Mass.

GENTLEMEN: In reply to your circular letter of January 6, would say, as a member of the Typotheta of the city of New York, that I wish to be recorded as one who is emphatically in favor of a reduction of the tariff all along the line and opposed to the United Typotheta of America taking any action before the Ways and Means Committee on January 17 contrary to the will of the people as expressed by them at the recent election.

Yours, very truly,

NEW YORK, January 14, 1913.

MR. O. W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Since the revision of the tariff is now under your consideration, we write to state that, as publishers and general importers of foreign books, we are opposed to the reduction of the tariff upon imported books printed in English.

We are opposed to the reduction because it will be injurious to the publishing interests of this country, since the reduction of the tariff would necessitate the reduction of cost of production in this country. The United States can not compete with Europe except by reducing the cost of labor. Labor is the chief factor in the cost of the production of a book. The wageworker should be protected from the encroachments of cheap labor.

By going carefully into the matter you will find that the American book at present is published at a price so low that the returns of profit are not large to the publishers; consequently the consumer is not paying excessive prices for books.

We strongly urge that the duty upon imported books printed in the English language remain as at present.

Very truly, yours,

WILLIAM R. JENKINS Co.
J. IRVIN MURRAY, Jr., *President.*

In the matter of Schedule M, section 416.

NEW YORK, January 14, 1913.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: If the duty—25 per cent—on printed books is necessary for revenue, we have no comment to make. If not necessary for revenue, we would call attention to the fact that the great majority of imported books are in the class of "serious literature," embracing books educational and informative. The tax is therefore a tax on knowledge. For instance, we import many books which are purchased by students, who can ill afford the additional cost which must be put upon them in order to offset the duty charged. We believe that every nation makes a distinction as to class in taxing books. We would

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therefore respectfully submit that a duty on informative books is absolutely unnecessary as a matter of "protection" and is a hindrance to the dissemination of knowledge.

Very faithfully, yours,

CASSELL & Co. (LTD.),
By W. B. HADLEY.

G. KLEIN & SON,
New York, December 14, 1912.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

SIR: We understand that hearings of the Ways and Means Committee relative to Schedule M will be held in Washington on January 17.

We submit that paragraph No. 416, relative to bound books, has been a disturbing factor in our business, in that classification of prayer books has been made upon basis of material used for the cover.

We import Catholic prayer books, which are bound in covers of cloth, leather, and celluloid; the classification appearing in paragraph as follows: "Wholly or in chief value of paper" has caused the customs authorities to assess rates of duty on material of binding as previously stated.

It is quite true that upon reference of this to the Secretary of the Treasury this ruling was suspended, but from what we understand a ruling adverse to the importer might yet eventuate.

For your inspection we send you to-day by mail a prayer book bound in leather and one bound in celluloid, upon which in the year 1910 the classification was as follows: On the former, as manufacture of leather, at 40 per cent; upon the latter, manufacture of celluloid, at 65 cents per pound and 30 per cent ad valorem. The latter rate is such as to put the average rate of duty on celluloid books at from 75 per cent to 125 per cent.

The clause referred to above was put into the Payne-Aldrich law and did not appear either in the Dingley or McKinley laws, and you will be able to see for yourself what complications same has caused.

It is our humble opinion that an excess in duty on this class of merchandise would not be to the interest of domestic manufacturers, as none of these bindings are produced in this country.

The rate of duty on bound books has been 25 per cent for over 30 years. May we venture to suggest that in the new law classification of books may be made so clear as not to impose any injustice upon the importer?

Respectfully, yours,

G. KLEIN & SON.

ST. PAUL, January 10, 1913.

Hon. O. W. UNDERWOOD,
Ways and Means Committee.

DEAR SIR: In reading of your work on different schedules of the tariff I suppose you will soon take up books and printed matter, also paper, received from abroad. There are several firms here in the West that print their books and fold them, then they are sent to Norway or Sweden, where they are sewed and bound up, returned to this country, after paying freight both ways, and sold cheaper than we could bind them here. Although they can't print them there as cheap as we can, they can bind them cheaper. I suppose it's the leather question, as I understand it. Raw leather in this country is well protected for the Leather Trust.

There must be some clause in the present tariff made for the American Bible House that let these other firms come in some way. Some will say Bibles are an educational feature and benefit the people. Let us print and bind our own books here; and as the Leather Trust or tanners have raised the price on American cowhide alone 6 cents the last year per foot. Why? They say it's scarce. Why not get some of it from Europe and help the poor tanner out? You can verify this by getting the price of cowhide in the Government Printing Office now and a year ago last October. It's the same in all bindery cloth; there is a gentlemen's agreement. I have 30 years' experience in this line as a practical bookbinder and am of course interested.

Respectfully,

JOHN A. BELLAND,
176½ Hague Avenue, St. Paul, Minn.

PARAGRAPH 416—BOOKS.

[Telegram.]

NEW YORK, *January 15, 1913.*

Hon. OSCAR UNDERWOOD,

*Chairman Ways and Means Committee,**House of Representatives, Washington, D. C.:*

Committee of three selected by printing-trades unions to appear before Ways and Means Committee at hearing Friday, January 17, to protest against any reduction in the present tariff on printed matter; if possible, to induce your committee to recommend increase in present rate.

PETER J. BRADY,

Secretary New York Allied Printing Trades Council.

Hon. O. W. UNDERWOOD.

MY DEAR SIR: I should like very much to see the present Congress abolish the duty on books. I believe there is no other civilized country that levies such a duty. You are of course aware that most books are already admitted free; but many of those of the highest value to men like myself are not so fortunate. The revenue realized from the duty on books under the present law is a mere bagatelle, and it bears most heavily, I am forced to believe, on those who are least able to pay it.

Very truly, yours,

CHAS. W. SUPER.

ATHENS, OHIO, *April 15.*

AMERICAN CLUB,

OXFORD, *January 29, 1912.*

DEAR SIR: At the unanimous direction of the American Club of Oxford I write to express the earnest hope held by that body that the new tariff bill may contain a provision along the line which I am venturing to put into words on a separate sheet.

We feel it a distinct hardship that returning American students (including each quota of Rhodes scholars) must either part with their own books or pay a regular import duty on them. We feel that a concession on this point would in no way conflict with the general principles for which the United States tariff stands; regardless of party view-point or differing economic theory. We trust that your committee will recognize in our petition an item of sufficient scope and importance to justify its consideration and adoption.

May I add the expression of my pleasure at the hearty support accorded you by certain of our Birmingham papers.

Assuring you of my warm personal regards, I am,

Very sincerely, yours,

C. E. CROSSLAND,

*Wadham College.*The Hon. O. W. UNDERWOOD, *Washington.*

[Inclosure.]

Books in the possession of Americans returning from a continuous residence abroad for purposes of study for a period of not less than one year shall be admitted free of duty: *Provided*, That such books shall have been used for the purposes of study: *And provided further*, That no person shall be allowed under this clause more than one copy of each work.

LETTER OF F. H. HOOPER, NEW YORK, CONCERNING TARIFF ON PAPER.

THE ENCYCLOPÆDIA BRITANNICA CO.,

New York, January 9, 1913.

Hon. E. W. TOWNSEND,

House of Representatives, Washington, D. C.

DEAR SIR: I am writing to you, because, as a citizen of Montclair, N. J., I am one of your constituents.

You are not, I believe, a member of the Committee on Ways and Means in the present Congress, but I know that you are interested in the tariff question, and that is another reason why I address this letter to you.

PARAGRAPH 416—BOOKS.

The Encyclopaedia Britannica Co., an American corporation, of which I am one of the officers, imports a considerable amount of genuine India paper, which we use in the manufacture of the new edition of the Encyclopaedia Britannica. In the course of the last two years, since this edition was prepared, we have imported about 2,500,000 pounds of India paper, and the duty we have paid amounts to between \$50,000 and \$60,000.

India paper is not and never has been made in this country, so that even from the protectionist point of view the present duty of 15 per cent serves no useful purpose. From the tariff reformer's or revenue point of view also the duty is hardly defensible, or it brings in no large revenue to the Government.

How many others besides ourselves import this genuine India paper we can not say, of course, as a certainty, but, as far as we know, only one or two other houses import it. If India paper were generally used and brought in a large revenue to the Government, it might be wise for the Government to continue that duty as being a tax falling upon a large number and yielding a large revenue; but when the tax falls, as it does, on but few, and it does not yield a large revenue to the Government, the reasoning is quite different. As it is, the duty hampers us, but yields no corresponding revenue to the Government.

More than this, the duty is a hindrance to our export business. The Encyclopaedia Britannica is shipped in considerable quantities—speaking, of course, from the book standpoint and not from the standpoint of steel or cotton or other large fabrics—to foreign countries. At present practically all sets of our work for export are sent from London and not from this country; were it not for the duty, many of the sets that go to different parts of the world might be shipped from here instead of from London. It is true that the Government grants a drawback (and we are now applying to the Secretary of the Treasury for the drawback privilege), but, as we all know, the drawback is attended with much expense, trouble, and uncertainty.

The same reasoning that applies to the Encyclopaedia Britannica applies to other books that we are planning to make. For example, we are on the point of bringing out a year-book, which we wish to print on India paper. We are now setting up the book in this country, but we expect to sell it largely abroad as well as here. If we could import the paper free of duty we would not make a second set of plates for use in printing abroad, but would print here all copies whether for sale here or abroad.

In short, the present duty on India paper affords no protection to any industry in the United States, yields the Government little revenue, and its only effect is to hamper an American industry and decrease export business.

I write to you in hopes that you will see your way clear to do what you can to get the duty reduced or, if possible, abolished. We should also like to know whether you think it would be worth our while to write on the subject to the Ways and Means Committee or to send a representative to the hearings which the committee is now carrying on. We should be very glad to do so if in your judgment it would further the cause of the reduction of duties on this article.

Faithfully, yours,

F. H. HOOPER.

THE AMERICAN PUBLISHERS' COPYRIGHT LEAGUE,
New York, February 5, 1913.

HON. OSCAR W. UNDERWOOD,
House of Representatives, Washington, D. C.

MY DEAR SIR:

* * * * *

It is probable that in giving consideration to the long series of articles in the existing tariff which are now subject to duties, in part prohibitory, the attention of yourself and your associates may be directed to the article of books.

There is fair ground for the contention that for any article of general importance for the interests of the community (and this may justly be claimed for literature in any form) if the Government does not need the receipts from the customs tax, or if the tax itself is not remunerative in proportion to the burdens that it must of necessity bring upon the consumer, the tax should be canceled or abated.

While I am myself a book manufacturer, I could make, and I should wish to make, no objection to a measure which would free the higher education of the country, an education which is based upon the widest possible distribution of good literature, from any unnecessary burdens. I should, therefore, give my opinion as an individual in favor of the abolition of the tax on books, and I judge that a large number, and

PARAGRAPH 416—BOOKS.

probably the majority, of my associates in the publishing business would arrive at the same conclusion.

It is, however, our understanding and our contention that a tariff based upon sound justice and scientific methods will not fail, in relieving a finished article from duty, to relieve from duty at the same time the materials which are utilized for the production of such article.

A book is undoubtedly a finished article which has involved in its production not only a high standard of skilled labor on the part of various groups of laborers, but the use of a number of articles, or materials on many of which there is at present a high rate of duty. The list includes in all 12 or 14 items. Without undertaking a complete specification, I may mention at this time among the materials the cost of which in this country is affected by a high and in some cases a prohibitory duty: Paper, binders' thread, binders' cloth, leather, silk, wood pulp, electrotype plates, type metal, illustrations in the various forms of photogravures, photoplates, photographs, designs by designers other than American, etc.

The purpose of the present letter is to suggest for the consideration of yourself and of your associates the importance, if there may at this time be any plan for relieving books from duty, of putting into force at the same time a measure which shall take the duty, or a corresponding portion of the duty, off of the articles which are used in the manufacture of books.

I may point out that if the purpose of the change of the tax is the lessening of the burdens on higher education and the use of literature, the freeing from duty of the materials that enter into the production of books manufactured in this country will affect the cost to the consumer of something over 95 per cent of the textbooks and works in general literature which are distributed from year to year by American authors; while the freeing from duty the finished article, the imported book, would affect the cost to the consumer of something less than 5 per cent of the books utilized in the country.

In connection with the proposed revision of the tariff, I venture to call your attention to one other detail affecting the duty on books.

At the time the present tariff act was under consideration in the committee, I wrote to Senator Lodge to ascertain whether it was proposed to make any changes affecting the duty on books. The Senator replied that as a result of suggestions that had been submitted by educational leaders, the committee had under consideration the taking the duty off of books entirely. I submitted to the Senator a report of suggestions in line with the statement above made to yourself. I pointed out that the publishers, or at least the great majority of the publishers, would raise no objection to the abolition of the duty, provided that the duties were correspondingly cancelled or reduced on the articles going into the composition of books. After some little consideration, the Senator reported that it had been decided by those who were responsible for shaping the bill that it would not be practicable to make any change in the duty on books.

It was the case, nevertheless, that without the knowledge of Senator Lodge, and as I understand without the knowledge of Senator Aldrich, or of the Republican leaders in the House who were responsible for the shaping of the provisions of the existing law, an interpolation was introduced into section 416, which was intended to increase, and which as interpreted by the courts has actually increased, from 25 per cent to either 40 or 60 per cent, the duties on a certain class of imported books.

The provision in the previous law had provided for a duty of 25 per cent ad valorem. The section in question was changed in the existing act by the insertion of the words "all the foregoing wholly or in the chief value of paper." It has been held that in the cases in which the value of the material in the cover of the book is greater than the value of the paper, or of the printed sheets contained within the cover, the duty imposed shall be, in place of the 25 per cent specified for books, the duty assessed upon the material in question. This clause was inserted in the interests, or rather in the supposed interests, of certain American binders who were endeavoring to interfere with, and as far as possible to prevent altogether, the importation into this country of books the covers of which carried artistic designs—designs which brought the books properly under the heading of works of art.

The cost of these artistic designs, prepared by designers in art centers, such as Paris, London, Florence, Leipzig, and elsewhere, ranges from \$10 up to \$1,000. Such designs are utilized on covers of leather, or occasionally of silk. The result of this interpolation is to make the duty on books bound in leather or in silk and carrying these artistic and necessarily costly designs 40 or 60 per cent. The "cost" upon which the duty is imposed includes of necessity, in addition to the actual work of the binder, the amount paid to the designer. One change in the tariff act of 1909 did constitute a modification in the direction of greater freedom of importation, or in the cancella-

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tion of the duty on works of art. This cancellation covered, to be sure, only the works which had been produced more than 20 years back, but it did constitute a recognition of the fact that the barriers between the American public and the art productions of the world should be lessened rather than increased. As above stated, a book of the class now in question is in itself a work of art. The interpolation above cited makes a substantial increase in the duty on a work of art; it is intended, in fact, to prevent the importation, and it must of necessity have the effect of preventing the importation, of books bound in artistic designs. The result is not only an inconvenience and an injustice to cultivated Americans who desire to see such books (and here I am speaking as a binder), but it stands in the way of the development of the art of binding in this country. If the American binder is satisfied with his own present standard of binding designs, he will make no progress toward a more artistic and satisfactory standard. Such progress is made only by the study of and the competition with the higher class designs produced in the art centers of Europe.

I point out further that the interpolation in question constitutes an example of what may be described as surreptitious legislation. It was slipped in at the last moment during the work of the conference committee. The fact that there had been any change proposed or accomplished in the duty on books was not known even to the leaders of the party who were responsible for the tariff act. No opportunity was given to those interested on the part of the book trade or of the book-buying public to consider the proposed change or to present arguments against it.

It is our contention, in which I think the leader of the House is in full accord with us, that whatever changes are made in the tariff system, or in the general taxing system of the United States, shall be arrived at publicly and after due considerate and adequate discussion. I hope very much that the work of yourself and of your associates will not be brought to completion without the elimination of this surreptitious interpolation in the section fixing the duty on books.

I am with much respect, your obedient servant,

GEO. HAVEN PUTNAM.

HANOVER COLLEGE,
Hanover, Ind., January 11, 1913.

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: There is published at Berlin by Langenscheidt Muret-Sanders, *Encyclopaedisches Englisch-Deutsches und Deutsch-Englisches Woerterbuch*, the best German-English and English-German dictionary extant. This is at best a rather expensive work, which would appeal chiefly to such teachers of German as wish to do the most thorough work and occasionally to libraries. Now, under present tariff regulations libraries can purchase this work for \$16.80 duty-free, but I or any other teacher of German must pay \$21 for it if we want the work. In other words, any teacher of German must pay a tax of \$4.20 on this work alone for the privilege of equipping himself with the best tool. There is nothing of the sort published in this country and probably never will be, so it could not be for the sake of that much-vaunted god "Protection." It must be regarded as a luxury.

Now, teaching is not the most remunerative occupation in the world, as you perhaps know. I have been a teacher of German for a number of years because I enjoy the work. I have felt the need constantly of this work, as has many another German teacher, perhaps some in your district. Thus far the price and the tax together have been prohibitive. So I have taken the liberty of calling your attention to this item with the hope that in the new tariff schedules you and your colleagues might see fit remove one of the burdens of a profession that involves a good deal of sacrifice anyway. Doubtless there are other items of similar character heavily taxed, but this one has appealed to me particularly. I have also written Hon. Lincoln Dixon, Representative from this district, regarding this item.

Yours, truly,

H. W. WOLFE.

NEW YORK, N. Y., *January 17, 1913.*

MR. STEVEN B. AYRES,
The House of Representatives,
Washington, D. C.

DEAR MR. AYRES: I have your letter of the 16th instant, and in reply will say that when I speak in my letter of the "new tariff" I mean the Payne-Aldrich bill, which came into effect in 1909.

PARAGRAPH 416—PHOTOGELATIN PRINTS.

The duty which has been placed on the illustrations in question has been raised to 30 per cent ad valorem plus 5 cents per pound of paper, thus making the duty from 50 per cent upward, according to the weight of the paper.

Previous to the Payne-Aldrich bill the duty was only 25 per cent ad valorem.

The incongruity of the whole proceeding lies in the fact that a foreign publisher is protected in this country and has free entry with his goods into this country, whilst the American publisher is fined with a heavy penalty if he imports from the German publisher the same goods in order to use them for an English version of the foreign product.

There should either be the same duty on foreign books containing the plates, as stipulated in the Payne-Aldrich bill, or the duty on the plates themselves if imported by an American house should be removed.

This ought to suggest itself by the laws of equity and justice; they are educational matters.

I have been paying these high duties ever since 1909 without being able to obtain redress.

If you can do anything with the Ways and Means Committee in this respect, I shall feel obliged.

I hope that I have made myself quite clear now, and that you will be able to understand the situation better.

Yours, very truly,

REBMAN CO.,
FRANCIS J. REBMAN, *President*.

PHOTOGELATIN PRINTS.

BRIEF OF CAMPBELL ART CO., ELIZABETH, N. J.

Mr. Chairman and Gentlemen of the Committee on Ways and Means:

I desire to lay before you certain facts relative to the products of the photogelatin printing process as affected by the tariff, Schedule M.

There are only about a dozen photogelatin printing plants in this country, employing in the aggregate something like 50 power presses (all of which have to be imported on a 45 per cent duty) and doing but little over \$1,000,000 business. I am asked to represent here the majority of these concerns, namely, The Albotype Co., Brooklyn; Meriden Gravure Co., Meriden, Conn.; Chicago Photogravure Co., Chicago, Ill.; Illustrated Postal Card & Novelty Co., New York; The Artogravure Co., Hoboken, N. J.; Kramer Art Co., Cincinnati, Ohio; Louis Winkler, New York; Taber-Prang Art Co., Springfield, Mass.; Photogravure & Color Co., New York; The Ullman Manufacturing Co., of New York, and the Campbell Art Co., my own company, of Elizabeth, N. J. Their letters are attached to my brief.

All we desire to do is to lay before you a plain and brief statement of facts, and without legal counsel or the importuning of our various Senators and Representatives, to leave the matter to your good judgment and decision.

The photogelatin process is particularly adapted to small runs of work requiring careful execution in the reproduction of art pictures, book illustrations, the finer grades of post cards, and the like. Strictly speaking, it is a fine art, and the work turned out by it is a luxury. The process is very slow, about 500 sheets per day for one press, as against from 3,000 to 12,000 per day from a type or lithographic press. The cost of the work, especially as a fine grade of paper must be used, is correspondingly large. The process has been in vogue in this country for over 40 years, and therefore can not be called an "infant industry;" it might be better described as a dwarf. Until 1909 the product of the photogelatin press was not even mentioned in the tariff, and the only duty levied on its importation was 25 per cent, under the general classification of "printed matter." Especially in the form of post cards there have been large importations of photogelatin printed matter, and on account of the great disparity in the cost of labor and materials here and abroad the foreign cards have been and are being used almost exclusively in this country, the majority of them bearing the imprint "Made in Germany," and this in spite of the fact that a slight additional duty of 15 cents per pound was written into the tariff in 1909. We were hopeful that hereafter we would find ourselves on an even keel with the foreign manufacturers and get our share of this growing post card business, at least in our own country, but the results have not shown this. During the past four years only about 40 presses have been imported. During that time my own company has found it impossible to make any post cards whatever in competition with manufacturers here

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and abroad. A few in this country have, however, succeeded in doing so at a very small profit. We realize that it would be futile to ask for a higher duty on photogelatin printed matter at this time, although we firmly believe that the conditions and the facts warrant it; but we do ask that the present rate be not reduced and that a careful examination be made of the relative cost of labor and materials here and abroad in justification of this request. I submit herewith a table showing the cost of materials and the rates of wages paid in 1908 to the different classes of employees engaged in this business in Germany and in the United States. Since that time wages and the cost of materials have advanced about 20 per cent both here and abroad. Assuming that the Tariff Commission has supplied your committee with its findings in relation to this item of the tariff, I am confident you will find my table accurate and conservative.

	Germany.	United States.
LABOR.		
Photographer.....per week..	\$8.00	\$25.00
Retoucher.....do.....	5.00-6.00	15.00-25.00
Plate maker.....do.....	6.00-8.00	20.00-30.00
Printer.....do.....	7.00-9.00	18.00-25.00
Feeders.....do.....	1.50-2.00	3.00- 6.00
Other handling and finishing (by women and girls).		
Hand coloring (average wage).....	2.00-4.00	8.00-12.00
MATERIALS.		
Paper.....per pound..	.06	.13
Gelatin.....do.....	.60	.95- 1.25
Ink.....do.....	.50	.95

The exports of photogelatin work from this country are probably less than 10,000 per annum and confined chiefly to reproductions of exclusively copyrighted pictures, protected under the international copyright law. The home market is our only field. I have been unable on short notice to learn what the importations amount to at this time; but in 1907 they were, in post cards alone, \$350,000 at the port of New York, and, on a conservative estimate, \$150,000 more in Boston, Philadelphia, and other ports of entry, without counting art pictures, catalogues, and other photogelatin printed matter. It may be safely assumed that the present importations are no less than then and amount to about as much as the entire output of the photogelatin plants in the United States.

In Germany huge factories, operating 20 or more power presses each, are running from 10 to 14 hours a day and employing thousands of people; and to a less extent the same is true of France, England, Austria, and Belgium. The United States is their very best customer, and they also practically have the entire trade of South America, Cuba, Mexico, and Canada. In a word, we have no foreign market and are being crowded out of our own.

I quote from a letter submitted to me by the Albortype Co. of Brooklyn, one of the oldest concerns in the country: "The wages in our line average two and a half to three times as high as in Germany—especially when the German system of four years apprenticeship is taken into calculation. Photogelatin view cards have for years been made at 6 marks or \$1.44 per 1,000 of a subject. When the preparatory work, packing, and sundry expenses are considered, we can not compete at double the rate. This ratio applies equally to other work that is usually done by the photogelatin process."

It is my experience that the only important orders that the American manufacturers can hope to secure is when immediate deliveries are required or when we furnish exclusive, copyrighted subjects ourselves. In the production of hand-colored post cards we are still worse off, as they involve more cheap labor, and there is a strong impression that many of these, especially photogelatin cards printed in three colors, come in at certain ports of entry under the classification of "lithographs," "chromos," etc., at a low rate per pound, which brings the duty down to an absurdity. My own company is less interested in post cards than in the other features of photogelatin work, such as book illustrations, catalogues, and the reproduction of art pictures. Some of these products are required by the departments of the Government here and called for in their specifications, and when I tell you that that peculiarly American institution, the Smithsonian Institution, is getting at least a part of its

PARAGRAPH 416—PHOTOGELATIN PRINTS.

book illustrations from abroad, and not on the basis of the foreign product being superior, you can see how we are placed. We do not ask for a monopoly; we do not expect to get any foreign business; we do not even ask for any advantage over our alien competitors in our own country; but we would like to have, for ourselves and for the workmen we employ, the privilege and the opportunity of competing with them on even terms, which I assume is one of the designs and objects of the tariff; and we court the most careful scrutiny into the matter to see whether we have been, or are likely to be, put on a basis of equality with our competitors abroad under the tariff now prevailing. Moreover, there is another active and sleepless factor operating against us continually and at this very moment, namely, the importers of photogelatin products, who are naturally more interested in buying their goods cheaply than in sustaining any home industry. I beg that you will carefully weigh their arguments in the balance with our own and that our interests, though comparatively small, will not be overlooked in the final analysis. I attach hereto copy of a characteristic circular letter from a German house manufacturing high-grade post cards, which they have mailed from Dresden to all the small post-card dealers in this country. Accompanying this you will find their catalogue and price list, which are at variance with the text of their letter. In this connection please note the letter, also attached to this exhibit, from the Albertype Co. of Brooklyn.

In consideration of this matter photogravures and photogelatin products should be considered in the same light and in a class by themselves and they should never be confused with half tones, zinc etchings, lithographs, three-color work, or other cheap and rapid processes. Like the photogelatin process, the photogravure process is adaptable only to high-class art work, and in the evolution of business it has met with the same difficulties regarding competition from abroad. The photogravure output in this country, marked samples of which accompany this brief, has been narrowed to about half a dozen concerns of any importance and solely to the cities of Boston, New York, and Philadelphia. The duty on Japanese vellum, Holland, Italian hand-made and some other foreign-made papers being higher than the duty on the finished product; and the duty on certain inks and materials, which can not be made in this country, but which are necessary in the turning out of photogravure work, being very high in proportion to the duty on the finished product, the photogravure makers in this country are hit both ways. For instance, the duty on blankets for a photogravure press is about \$4 per yard; whereas in England the total cost per yard is about \$3.50. The photogravure samples herewith are, as usual, on imported paper carrying a high duty, and the best quality of photogelatin work also requires equally good paper. By a careful comparison of the photogravure and photogelatin samples you will note how kindred the processes and the results are although the photogravure is much more rapid than the photogelatin process.

Under the prevailing conditions, if Mr. Morgan or some patron of the arts desires to publish a very fine catalogue, or if American artists desire high grade reproductions of their work, they can save money by going abroad for them, the finished work coming in at a much less rate than the separate materials or component parts. The same is true of the printing presses. The duty on photogelatin work, other than post cards, is 25 per cent, but the duty on a photogelatin press, none being made in this country, is 45 per cent. If the duty on photogelatin and photogravure prints, of all classes other than post cards, could be made 45 per cent, the same as on the press that prints them, this line of business would be materially aided and without loss of revenue to the Government.

Mr. Chairman, on November 15, 1908, as a member of the then Ways and Means Committee, you asked me if I thought the photogelatin industry in this country could control 50 per cent of the business if we got what we asked for them, and I said I thought we could; but we did not get all that we asked for and we have not been able to control 50 per cent of this competitive business since that time; no, nor 25 per cent of it. As this has not been due to lack of diligence on our part, I ask that consideration be given to this four-year practical test, and that, irrespective of any duty that has prevailed, you give us exactly what we are entitled to, to equalize the cost of labor and material here and in foreign countries, with a reasonable profit added, if in your wisdom you think we are entitled to a profit on our invested capital. Moreover, I ask that this dainty and beautiful process which is in itself invaluable for fine reproductions of art pictures, drawings, and natural objects, be not discouraged. I attach to my brief samples (on file) showing its educational value in schools and seats of learning, the fineness of its execution, its utility to the Government itself, and its importance, not only to those engaged in the work, but also to those who make use of it.

ARTHUR F. RICE, *President.*

PARAGRAPH 416—PHOTOGELATIN PRINTS.

NEW YORK, January 27, 1913.

OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

MY DEAR SIR: As further evidence of a proposed attempt by certain important foreign manufacturers of post cards (concerning which I recently wrote you) to monopolize at any cost the post-card business in this country and South America, I inclose herewith a letter from Mr. Witteman, of the Albertype Co., Brooklyn, which bears closely on this matter. Mr. Witteman is a highly reputable man and his statement merely corroborates the information I already had, and more of which I expect to be able to secure and transmit to you.

Very respectfully, yours,

CAMPBELL ART CO.

ARTHUR F. RICE,

President.

BROOKLYN, N. Y., January 25, 1913.

Mr. ARTHUR F. RICE,

Campbell Art Co., New York.

MY DEAR MR. RICE: Your kind letter has spurred my memory, and I have obtained this information from one of my printers, Mr. Herman Rudelt, residence 320 Irving Avenue, Brooklyn, N. Y., who had lived and worked in Berlin (Germany) and become acquainted with Mr. Pankhurst, the American representative of the lately formed post-card trust, the Excelsior Postcard Co. (Ltd.), Berlin, Hugo Deyhle, president.

The following photo-gelatine printing firms were incorporated into it: Gebrueder Deyhle, Berlin C, 17 gelatine presses; Dr. Trenkler, Leipzig, 12 gelatine presses, Wilh. Hoffmann, Dresden, 13 gelatine presses.

They jointly own a printing-ink factory and paper mill. They have lowered the price of a thousand gelatine post cards in one color to 5 marks (\$1.20) per 1,000 cards. Their representative, Mr. Pankhurst, and several of his men are traveling in the United States to collect orders for view and other post cards, with the avowed purpose of forcing the market at almost any price.

Mr. Pankhurst has thus expressed himself toward Mr. Rudelt, and the latter will testify to it.

The Excelsior Postcard Co.'s domicile in New York is not known to me, but post cards with their trade-mark are plentiful here. The inclosed "Woman's Hospital, New York" card (on file) appears to be of their make, with the American News Co.'s initials in the clover leaf.

The trust's president, Commerzienrath Deyhle, is said to be a millionaire, and the other two concerns are of old standing and financially powerful. They will no doubt cut below the 5 marks for large export, and employ other insidious methods to break us or the hated tariff barrier.

One of these is to bring in post cards without the obligatory imprint "Made in Germany." The inclosed card (on file) of "Celilo Falls, Columbia River," was sold by a Los Angeles house, Newman or Rieder. It is unquestionably of German make and had escaped close scrutiny when entered at some American port, if it did not come by way of Canada.

If it was deemed necessary, Mr. Rudelt would make a sworn affidavit or appear as a witness in Washington.

What more do you wish me to find out?

Very truly, yours,

A. WITTEMAN.

PETITION OF PHOTOGELATINE WORKERS' UNION OF AMERICA.

NEW YORK, January, 1913.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

MR. CHAIRMAN AND GENTLEMEN: We, the officers and members of The Photogelatine Workers' Union of America, respectfully petition your honorable body, and enter our plea for, at least, the retention of the present import tariff on post cards and art reproductions produced by the photogelatine process of printing as provided for in paragraph 416, Schedule M, of the tariff act of 1909.

While we desire that this present tariff be retained, still we feel justified in calling your attention to the fact that an increase over the present tariff would be very de-

PARAGRAPH 416—PHOTOGELATIN PRINTS.

sirable and of the greatest benefit to us who are actively engaged in this line of work, because we fully realize that our industry, even under the present fairly good tariff regulation, can not be fully developed to the extent it deserves, nor that it offers sufficient incentive for a proper investment of American capital.

Previous to the year 1909, when the present tariff went into effect, this industry was practically unknown in this country because of its undeveloped condition, due to its unprofitable nature, directly traceable to the fact that it was impossible to compete, in price, with the products of foreign photogelatine establishments, who were able to enter their goods here practically duty free.

Through the efforts of several gentlemen connected with American photogelatine establishments, who had installed expensive plants for producing this work, the present tariff was placed on foreign work of this kind.

While it is true that the tariff act of 1909 only provided for the slight increase of 15 cents per pound over and above the usual old rate of 25 per cent ad valorem on views of any landscape, scene, building, place, or locality in the United States, yet paragraph 415 provided only 3 cents per pound, besides the 25 per cent ad valorem, on all other articles printed by the photogelatine process not specified in paragraph 416. We therefore respectfully call your attention to the fact that these unspecified articles imported are reproductions of portraits, water colors, oil paintings, and designs which could be printed in the United States if an increase of tariff on these articles could be made.

Notwithstanding this drawback on our industry, the small tariff increase brought about by paragraph 416 has shown beneficial results, which were immediately apparent, and which, to a very large extent, laid a foundation for the substantial development of our industry, both artistically and financially. We feel safe, therefore, to venture the prediction that the retention of the present tariff, or, better still, an increased tariff, will further develop and enlarge this industry, and that too without in the least imposing any additional financial burden upon the American consumer. As a matter of fact, it will rather promote a tendency to reduce the cost for home consumption.

A reduction of the present tariff, on the other hand, will be absolutely no benefit to any one, with the possible exception of five or six jobbing importers, who purchase their goods in the European markets at a price at least 200 per cent lower than they can be produced here under the most favorable conditions. In spite of this, and the practically duty-free entry here, they have not in the past, nor can they be expected to in the future, reduce their selling price to the actual consumer, nor do they in any way contribute to our American industrial and economic prosperity and welfare.

In order to show that even the slight increase made in the present tariff law, over the previous ones, has been a direct benefit to our industry, we would call your attention to the fact that since 1909 there have been seven new plants established in the United States, some of them of considerable proportions, employing many skilled American artisans. Prior to 1909 there was approximately 25 power presses installed and running in this country. Since 1909 there have been imported into the United States 26 additional power presses, all of which are now in full operation, thereby giving employment to a large number of our members.

The introduction of these additional new presses and the establishment of the above-mentioned new establishments in the past three years shows an increase of 100 per cent over a period of 35 years prior to 1909. On this basis of progress it may be safely assumed that the retention of the present, or an increased, tariff will produce the proper results and place our industry where it rightfully belongs. If three years of only fairly favorable tariff legislation can produce the above results, it conclusively shows that a continuance of the present tariff is not only desirable but it appears to be an imperative duty to continue and if possible to increase it.

In addition to this we would also call your attention to the fact that a further protection of our industry against unfair European competition will open up other extensive fields of American industrial activity, now absolutely dormant in so far as they affect or depend on our industry. For instance, the important item of our printing machinery, which we are now obliged to import from Germany, paying a 45 per cent import duty thereon. If our industry receives the proper protection from Congress through an increased tariff on our products, it must logically follow that the American printing press manufacturers, because of our increased demands, will very soon find it necessary and profitable to install plants for building presses for our process of printing. They no doubt would produce an article far superior to that which we now are compelled to import from Germany, in that they will embody improvements necessary to our peculiar American conditions, and build according to American ideas and requirements.

PARAGRAPH 418—PAPER BOXES.

American printing-press manufacturers have not up to the present time thought it worth while to construct printing machinery for our process because of there being no substantial demand for them in this country, due to the fact that the photogelatine process being an undeveloped proposition. Once these unfavorable conditions are removed American printing-press manufacturers will be ready to supply all our necessary machinery, thereby adding to the industrial advancement of our country.

All that we have said above in reference to printing machinery applies with equal force to all of our other necessary appliances and materials, such as glass plates, inks, paper, and chemicals, all of which are of a somewhat peculiar nature, differing in many essentials from the ordinary articles generally used in lithography and type printing. These materials we are now, in large part, compelled to import from Europe, there being an insufficient demand here to warrant their manufacture.

In view of all the foregoing we feel that we are justified in calling your attention to the matters here enumerated and frankly stating what we know to be self-evident facts, matters on which we have personal knowledge.

In conclusion, we as a body of American citizens whose material welfare depends so much on the continued prosperity of our industry, do most earnestly and respectfully request that you assist us in our endeavor to preserve and extend the interests and welfare of our craft in order that we may be more able to uphold the high ideals of American citizenship and to perform the duties incumbent upon us as citizens of these United States.

EDW. J. FULLER,

President The Photogelatine Workers' Union of America.

ANDREW R. SAVASTANOS,

Chairman Committee on Tariff Revision.

Paragraph 417.

Photograph, autograph, scrap, post-card, and postage stamp albums, wholly or partly manufactured, thirty-five per centum ad valorem.

Paragraph 418.

All boxes made wholly or in chief value of paper or papier-mache, if covered with surface-coated paper, forty-five per centum ad valorem.

PAPER BOXES.**TESTIMONY OF H. A. CROFTS.**

The witness was duly sworn by the chairman.

Mr. CROFTS. Mr. Chairman and your honorable committee, I do not know that I have a great deal to add to what has already been said, but I speak to you as president of the National Federation of Box Makers, and also as a box maker.

I wish to give you just a few figures, in round numbers, which I can not verify as being accurate, as to the amount of money invested in the business, and our sales. There is, approximately, \$10,000,000 invested in the box business. That has reference only to stiff or made-up boxes manufactured in this country. There are many classifications of boxes—paper boxes, folding boxes, fiber boxes, and the ordinary box known as the made-up box.

I wish to dwell just one moment on the matter of cost. These are excess costs of labor on domestic goods over foreign, as taken from the statements of the paper manufacturers: To protect the extra cost on white flint paper at 39 cents, the present duty provides \$1.35. To protect 39 cents on colored flint paper the present duty is \$1. To protect 62 cents on embossed papers there is a duty of \$2.10. To protect 40 cents on metal-coated papers there is a duty of \$1.28.

Now, all we box makers ask is what is fair. We are perfectly willing that there shall be a duty on these papers that will protect

PARAGRAPH 419—PLAYING CARDS.

the manufacturers in this country equal to the extra labor expense they are put to, but we feel that the duty should be reduced in that proportion.

The matter was touched upon this afternoon by one of the gentlemen appearing before you, who is not here now, as to duty on paper boxes. I want to make it clear to you that we are satisfied, and perfectly satisfied, to have the duty arranged in the same manner on paper boxes.

That is all, I believe I have to say.

Paragraph 419.

Playing cards, in packs not exceeding fifty-four cards and at a like rate for any number in excess, ten cents per pack and twenty per centum ad valorem.

PLAYING CARDS.

STATEMENT OF RUSSELL PLAYING CARD CO., NEW YORK, N. Y.

NEW YORK, January 11, 1913.

HON. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: In the Wilson tariff of 1894 the duty on playing cards in packs not exceeding 54 cards was reduced from the former duty of 50 cents per pack to 10 cents per pack and 20 per cent ad valorem. Under the same bill in August, 1894, and internal revenue tax of 2 cents per pack was placed on playing cards in the United States. The playing card industry has been operating under this duty and under this internal-revenue tax ever since.

The industry is a small one, the total annual sales being less than \$3,000,000 after paying the internal-revenue tax. The average net price per pack received by the manufacturer is about 8 or 8½ cents per pack, so that the internal revenue tax of 2 cents is about 25 per cent of the net price received by the manufacturer.

When the tax was put on in 1894 it took the industry some time to get adjusted to the new conditions. Its growth from that date to this has on an average annually increased between 5 and 5½ per cent. The industry is such a limited luxury and such a peculiar one that the interest of playing card users readily changes from one game to another, without increasing the consumption.

The machinery required in the manufacture of playing cards is mostly special and useless for any other purpose. The labor employed is of special nature, requiring years of training to become skilled, and the industry thereby affords constant and steady employment to such labor, the average wage rate being even higher than the union rate. Labor (printing and lithograph) in the leading foreign countries averages about one-third of what it is here in this country, so that it would be impossible to compete with foreign countries.

The foreign manufacturers copy us closely in manufacture, and even literally copy our designs on the faces and backs. Our export business is very limited, because Russia, France, and other countries prohibit the importation of cards altogether on account of the industry being a Government monopoly in those countries. Again, Canada, England and its colonies discriminate against us.

The whole industry in this country has not yielded 6 per cent on the investment. We could not compete with the cheap labor of Europe. If the duty were lower, we would have no recourse against their product brought to this country imitating ours, so that our equipment, useless for any other purpose, would have to lie idle, the people would be out of employment, and our stockholders' investment would be practically limited in value to what they could get out of the land and buildings.

All of these matters are subject to investigation and proof; and we sincerely hope, therefore, that the industry will be allowed to continue as it is without change.

Respectfully submitted.

BENJ. ROSENTHAL, *President.*
RUSSELL PLAYING CARD CO.

PARAGRAPH 419—PLAYING CARDS.

A. DOUGHERTY, NEW YORK CITY, WRITE CONCERNING
PLAYING CARD INDUSTRY.

NEW YORK, January 17, 1913.

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
 House of Representatives, Washington, D. C.*

DEAR SIR: In the Wilson tariff of 1894, the duty on playing cards in packs not exceeding 54 cards was reduced from the former duty of 50 cents per pack to 10 cents per pack and 20 per cent ad valorem. Under the same bill in August, 1894, the internal revenue tax of 2 cents per pack was placed on playing cards in the United States. The playing-card industry has been operating under this duty and under this internal-revenue tax ever since.

The industry is a small one, the total sales being less than \$3,000,000 after paying the internal-revenue tax. The average net price per pack received by the manufacturer is about 8 or 8½ cents per pack, so that the internal-revenue tax of 2 cents is about 25 per cent of the net price received by the manufacturer.

When the tax was put on in 1894, it took the industry some time to get adjusted to the new conditions. Its growth from that date to this has on an average annually increased between 5 and 5½ per cent. The industry is such a limited luxury and such a peculiar one that the interest of playing card users readily changes from one game to another without increasing the consumption.

The machinery required in the manufacture of playing cards is mostly special, and useless for any other purpose. The labor employed is of a special nature, requiring years of training to become skilled, and the industry thereby affords constant and steady employment to such labor, the average wage rate being even higher than the union rate. Labor (printing and lithograph) in the leading foreign countries averages about one-third of what it is here in this country, so that it would be impossible to compete with foreign countries.

The foreign manufacturers copy us closely in manufacture, and even literally copy our designs on the faces and backs. Our export business is very limited, because Russia, France, and other countries prohibit the importation of cards altogether on account of the industry being a Government monopoly in those countries, and then Canada, England, and its colonies discriminate against us.

The whole industry in this country has not yielded 6 per cent on the investment. We could not compete with the cheap labor of Europe. If the duty were lower, we would have no recourse against their product in this country imitating ours, so that our equipment, useless for any other purpose, would have to lie idle, our people would be out of employment, and our stockholders' investment would be practically limited in value to what they would get out of the land and buildings.

All of these matters are subject to investigation, and proof, and we sincerely hope, therefore, that the industry will be allowed to continue as it is without change.

Respectfully submitted.

A. DOUGHERTY.
 JOHN H. PRATT, *Secretary.*

BRIEF OF THE UNITED STATES PLAYING CARD CO., CIN-
CINNATI, OHIO, ET AL.

THE UNITED STATES PLAYING CARD CO.,
Cincinnati, January 10, 1913.

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
 House of Representatives, Washington, D. C.*

DEAR SIR: In the Wilson tariff of 1894 the duty on playing cards in packs not exceeding 54 cards was reduced from the former duty of 50 cents per pack to 10 cents per pack and 20 per cent ad valorem. Under the same bill in August, 1894, the internal-revenue tax of 2 cents per pack was placed on playing cards in the United States. The playing-card industry has been operating under this duty and under this internal-revenue tax ever since.

The industry is a small one, the total sales being less than \$3,000,000, after paying the internal-revenue tax. The average net price per pack received by

PARAGRAPH 419—PLAYING CARDS.

the manufacturer is about 8 cents or $8\frac{1}{2}$ cents per pack, so that the internal-revenue tax of 2 cents is about 25 per cent of the net price received by the manufacturer.

When the tax was put on in 1894 it took the industry some time to get adjusted to the new conditions. Its growth from that date to this has, on an average, annually increased between 5 per cent and $5\frac{1}{2}$ per cent. The industry is such a limited luxury and such a peculiar one that the interest of playing-card users readily changes from one game to another without increasing the consumption.

The machinery required in the manufacture of playing cards is mostly special and useless for any other purpose. The labor employed is of a special nature, requiring years of training to become skilled, and the industry thereby affords constant and steady employment to such labor, the average wage rate being even higher than the union rate. Labor (printing and lithograph) in the leading foreign countries averages about one-third of what it is here in this country, so that it would be impossible to compete with foreign countries.

The foreign manufacturers copy us closely in manufacture and even literally copy our designs on the faces and backs. Our export business is very limited, because Russia, France, and other countries prohibit the importation of cards altogether, on account of the industry being a Government monopoly in those countries, and then Canada, England, and its colonies discriminate against us.

The whole industry in this country has not yielded 6 per cent on the investment. We could not compete with the cheap labor of Europe. If the duty were lower, we would have no recourse against their product in this country imitating ours, so that our equipment, useless for any other purpose, would have to lie idle, our people would be out of employment, and our stockholders' investment would be practically limited in value to what they would get out of the land and buildings.

All of these matters are subject to investigation and proof, and we sincerely hope, therefore, that the industry will be allowed to continue as it is without change.

Respectfully submitted.

THE UNITED STATES PLAYING CARD CO.

JOHN O. ENWAKE, *President*.

STANDARD PLAYING CARD CO.,

By B. C. HAWKES, *President*.

KALAMAZOO PLAYING CARD CO.,

By G. E. BALDWIN, *President*.

AMERICAN PLAYING CARD CO.,

By W. H. LONGLEY, *Secretary*.

PARAGRAPH 420.

Manufactures of paper, or of which paper is the component material of chief value, not specially provided for in this section, thirty-five per centum ad valorem.

This concludes the hearings on Schedule M.

SCHEDULE N.
SUNDRIES.

SCHEDULE N.—SUNDRIES.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
January 29 and 30, 1913.

The committee met at 10 o'clock a. m., Hon. Oscar W. Underwood in the chair.

Present with the chairman: Messrs. Harrison, Kitchin, James, Rainey, Dixon, Hull, Hammond, Peters, Palmer, Payne, Hill, Fordney, and Longworth.

The CHAIRMAN. The committee will come to order.

PARAGRAPH 421.

Beads and spangles of all kinds, including imitation pearl beads, not threaded or strung, or strung loosely on thread for facility in transportation only, thirty-five per centum ad valorem; fabrics, nets or nettings, laces, embroideries, galloons, wearing apparel, ornaments, trimmings, curtains, fringes, and other articles not specially provided for in this section, composed wholly or in chief value of beads or spangles made of glass or paste, gelatin, metal, or other material, but not in part of wool, sixty per centum ad valorem: Provided, That no article composed wholly or in chief value of beads or spangles made of glass, paste, gelatin, metal, or other material shall pay duty at a less rate than is imposed in any paragraph of this section upon such articles without such beads or spangles.

BEADS AND SPANGLES.

BRIEF OF JULIUS LOEWENTHAL & CO., ON BEHALF OF IMPORTERS OF DRESS TRIMMINGS.

[In re change in phraseology of paragraph 421 of the tariff act of 1909.]

NEW YORK, *February 10, 1913.*

Hon. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: The object of this brief is to call the attention of your committee to the provisions in paragraph 421, Schedule N, of the tariff act of 1909, which relate to goods we are interested in.

The first provision, covering trimmings and similar articles made wholly or chiefly of beads and spangles, reads as follows:

"Fabrics, nets or nettings, laces, embroideries, galloons, wearing apparel, ornaments, trimmings, curtains, fringes, and other articles not specially provided for in this section, composed wholly or in chief value of beads or spangles made of glass or paste, gelatin, metal, or other material, but not in part of wool, 60 per cent ad valorem."

We have no suggestions to make as to the phraseology or rate in the passage just quoted, other than to express the hope that the duty of 60 per cent ad valorem may be reduced to such an extent as may appear wise to your committee in keeping with your general program of tariff reduction, as well as with the reductions on trimmings which you may decide upon under paragraphs 179, 349, 383, 402, 405.

The provision in paragraph 421 in which we are chiefly concerned is the proviso following the words just quoted, which reads as follows:

PARAGRAPH 421—BEADS AND SPANGLES.

"Provided, That no article composed wholly or in chief value of beads or spangles made of glass, paste, gelatin, metal, or other material shall pay duty at a less rate than is imposed in any paragraph of this section upon such articles without such beads or spangles."

We have already had occasion to call your attention to the confusion created by the proviso, in our briefs dealing with paragraph 179 of Schedule C and paragraph 405 of Schedule L, respectively, and shall summarize here the difficulties it has created in the administration of the law.

Paragraph 179 provides that trimmings and similar articles "made wholly of or in chief value of tinsel wire, lame or lahn, bullions, or metal threads" shall pay a duty of 15 cents per pound and 60 per cent ad valorem.

Paragraph 405 provides that the same articles if made "wholly or in chief value of yarns, threads, filaments, or fibers of artificial or imitation silk or of artificial or imitation horsehair," shall pay a duty of 45 cents per pound and 60 per cent ad valorem. Although the law thus very clearly provides that only articles composed wholly or in chief value of the materials enumerated shall pay the compound duties provided in the respective paragraphs just quoted, the collector of customs at the port of New York, through which most of these goods coming into this country are imported, has ruled that under the proviso of paragraph 421 trimmings made of chief value of beads are nevertheless dutiable at the compound rates of paragraph 179 or paragraph 405 if they contain a single thread of tinsel or artificial silk.

As we have shown by samples attached to our briefs on paragraph 179 (Schedule C) and paragraph 405 (Schedule L), this has resulted in the imposition of a duty of 45 cents per pound not on the weight of artificial silk, for which the specific duty is supposed to compensate the domestic manufacturer, but almost entirely on glass beads, which constituted 97 per cent of the weight of the sample submitted.

This is clearly against the intent of the framers of the law. If it had been their intention to levy the compound rates of 15 cents per pound and 60 per cent ad valorem, and 45 cents and 60 per cent ad valorem, respectively, irrespective of whether those materials constituted the chief value of the articles or not, paragraphs 179 and 405 would have been worded accordingly. This is exactly what the law does in the case of trimmings containing wool, when it provides in paragraph 383 for a compound rate of 50 cents per pound and 60 per cent ad valorem on trimmings and similar goods "made of wool or of which wool is a component material." Having worded, however, paragraphs 179 and 405 so as to apply to goods made "wholly or in chief value" of the materials referred to, it could not have meant that the proviso of paragraph 421 shall be taken to completely reverse that meaning.

CONTRADICTING DECISIONS UNDER THE PROVISIO OF PARAGRAPH 421.

How confusing the language of the proviso of paragraph 421 is is best attested by the fact that no two bodies of customs officials have been able to agree upon an interpretation of the same. Thus in the case of *United States v. Ewing & Clancey* the collector's ruling was completely reversed by the Board of General Appraisers, which sustained the contention of the importers (G. A. 7303, T. D. 32045). But when the Government appealed from the decision of the board to the United States Court of Customs Appeals the latter rendered a decision reversing both the judgment of the Board of General Appraisers and the ruling of the collector, and taking a middle ground, the reasons for which will be found by your committee, if you care to pursue the subject further, in the decision of the court rendered May 8, 1912. (*U. S. v. Ewing & Clancey*, No. 829, T. D. 32624.)

PROPOSED AMENDMENT OF PARAGRAPH 421.

But no matter which interpretation of the proviso may be considered right, the fact remains that a provision of law which lends itself to three different interpretations by three bodies of experienced customs officials, including two judicial bodies which devote themselves exclusively to the study and interpretation of our customs laws, manifestly needs modification, so as to clearly mean but one thing. We respectfully suggest that the best way of mending the confusing proviso of paragraph 421 is by ending it.

While the suggestion may seem radical it offers the only way out of the legal muddle created by that proviso. There is not a single point it can legitimately cover that is not already amply covered by other paragraphs in the law. Every material of which trimmings and similar articles are made is provided for in paragraphs 179 (tinsel wire), 349 (cotton and other vegetable fibers), 382 (wool), 402 (silk), 405 (artificial silk and artificial horsehair), and 421 (beads or spangles of glass, paste, or metal).

PARAGRAPH 422—STRAW HATS, ETC.

In each of these paragraphs the law clearly provides whether the duty is to be applied according to the component material of chief value or irrespective of the value thereof. Under these conditions to retain the proviso in paragraph 421 is equivalent to giving the collectors a mandate to administer the provisions in the paragraphs enumerated in a sense the very opposite to that in which they are clearly worded.

We therefore respectfully suggest the wisdom of the following amendment:

Paragraph 421. Amend paragraph 421 by striking out the proviso at the end of that paragraph, which reads as follows:

“Provided, That no article composed wholly or in chief value of beads or spangles made of glass, paste, gelatin, metal, or other material shall pay duty at a less rate than is imposed in any paragraph of this section upon such articles without such beads or spangles.”

Respectfully,

JULIUS LOEWENTHAL & Co.

Also represent C. Willenborg & Co., Kern Loewi & Mendel, Ewing & Clancey, L. Maul & Co., Seurdheimer Bros., Royal Embroidery Works, S. Katz & Co., B. Blumenthal & Co., Case & Co., Mills & Gibb, Max Mandel, G. Hirsch & Son.

PARAGRAPH 422.

Braids, plaits, laces, and willow sheets or squares, composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, or manila hemp, suitable for making or ornamenting hats, bonnets, or hoods, not bleached, dyed, colored, or stained, fifteen per centum ad valorem; if bleached, dyed, colored, or stained, twenty per centum ad valorem; hats, bonnets, and hoods composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, cuba bark, or manila hemp, whether wholly or partly manufactured, but not trimmed, thirty-five per centum ad valorem; if trimmed, fifty per centum ad valorem. But the terms “grass” and “straw” shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof.

STRAW HATS, ETC.**TESTIMONY OF MILTON DAMMANN, ATTORNEY AT LAW,
NEW YORK CITY.**

Mr. DAMMANN. Mr. Chairman and gentlemen of the committee, I wish to speak in reference to paragraph 422, in behalf of the Straw Goods Association, comprised very largely of manufacturers of men's straw hats. I appear in the place of Mr. Vanderhoef, the president of the association, who was here yesterday, but was taken sick with laryngitis. I am going to tell you a little bit about it. I do not know as much as he does. I may be a little bit deficient in facts, but that is going to make me a little bit shorter, perhaps, than Mr. Vanderhoef would have been, but as it is growing late I do not imagine that will be a particularly discouraging bit of information to you gentlemen.

The particular point that we wish to attract this committee's attention to is to clear up and iron out some of the inconsistencies in the working out of the paragraph that have developed within the last three or four years. The tendency of the suggestion we make is one which will increase the revenue of the Government and also is toward downward revision.

If you will observe the paragraph you will find it is divided into three parts: First, braids which go into the manufacture of hats; second, hat bodies not trimmed; and third, trimmed hat bodies.

The class of braids which are enumerated in that particular paragraph are all braids which are not manufactured in the United

PARAGRAPH 422—STRAW HATS, ETC.

States. There is not a single inch of braid mentioned in that large group of braids which is made here.

The first suggestion which we make in regard to braids is that braid which is composed of ramie, a vegetable fiber made from Chinese grass, and which is manufactured for the trade in Switzerland, and which has come into existence during the last three or four years, and is only used for the making of hats, be placed in the other group of hat braids in that particular paragraph. It now comes in under the paragraph 349 of vegetable fibers at 50 per cent. None of it is made here, and we suggest that it be put in the other group of braids.

Mr. HARRISON. You are not advocating putting ramie at a lower rate of duty than it now carries?

Mr. DAMMANN. Yes, substantially; for this particular reason. No great quantity of ramie comes in.

Mr. HARRISON. I understand that very little of it comes in now, and it bears a duty of 50 per cent. Suppose we put it down at a lower rate of duty, could not the hat manufacturers of the United States make their own braids?

Mr. DAMMANN. They could not manufacture those braids here at all.

Mr. HARRISON. They manufacture them in Switzerland.

Mr. DAMMANN. They do. The industry has never been developed here. Perhaps if ramie grass came in here the industry could be fostered, but up to this point there are none of the braids of that character or of any other character mentioned in that paragraph which are made here.

We have illustrations here for the benefit of the committee of any number of classes of braids, many of which are more expensive in price than the ramie braid, which come in at 15 per cent. Here is a chip braid, which you will see appears from a distance to be about the same. This braid is made from chips from a particular tree largely grown in Cuba, and some oriental countries. These different braids go into women's hats, and if the ramie braid is brought in under that same rate the women can get a much better hat. It is not of any particular importance to us, because if we pay more for the braid we have got to add it to our cost. We think that a reduction of the duty on this braid would allow more of it to come in and then it will be a revenue producer.

Mr. PALMER. You want to put all the hat braids under one group?

Mr. DAMMANN. Yes, sir.

Mr. PALMER. And under the same rate?

Mr. DAMMANN. Yes, sir.

Mr. PALMER. And you are willing to have that rate left as it is now?

Mr. DAMMANN. Yes, sir.

Mr. PALMER. Although none is produced in this country?

Mr. DAMMANN. No, sir; there is none produced here.

Mr. PALMER. It is absolutely a revenue rate?

Mr. DAMMANN. Purely a revenue rate. Under the braid paragraph last year the importations amounted to something like \$5,000,000, which paid a little over \$800,000 in revenue to the Government.

Mr. RAINEY. How low do you want to make them?

Mr. DAMMANN. Just the same as the other braids in the paragraph—15 per cent.

PARAGRAPH 422—STRAW HATS, ETC.

Mr. RAINEY. How much revenue do you think we would get?

Mr. DAMMANN. The whole paragraph is now 15 per cent. We simply want that included in the same group because we think that is where it belongs.

Mr. HAMMOND. Is ramie braid now under a separate paragraph?

Mr. DAMMANN. No; it is not specially provided for. It comes in under paragraph 349 by virtue of similitude.

The second suggestion we make is one with regard to real horsehair hats. Paragraph 409 of the act of 1897 did not include braids composed of real horsehair, cuba bark, or manila hemp. Those braids were not in existence at the time of the passage of the Dingley law. They were added to this paragraph and have been coming in under the 15 per cent rate. At the same time the cuba bark, manila hemp, and real horsehair were added to the braid paragraph, Cuba bark and manila hemp were added to the body-hat paragraph and carried a duty of 35 per cent; but for some unaccountable reason, probably an oversight, real horsehair hats were not included in that second section of the act. From that time on real horsehair hats have been subjected to considerable litigation in the courts, and finally the customs court of appeals held that they should not fall under paragraph 422 as hats, but applied them as being more closely comparable to articles composed of artificial horsehair, reversing the board of appraisers and sustaining the collector; so that real horsehair hats, the few that do come in here, are classified as being comparable with artificial horsehair articles and pay a duty of 60 per cent plus 45 cents a pound, which amounts to between 85 and 100 per cent. We think that real horsehair hats should be included in the same paragraph as braids composed of real horsehair, and that the same grouping of braids suitable for making hats and hats composed of horsehair braids should be followed.

The next suggestion we make is one affecting body hats. The straw-hat industry is divided into two classes of hats, one known as woven body hats and the second known as sewed braid hats. Woven hats are hats such as I now put upon the table. They are composed of grass and are woven in the countries which produce the grass. Not a single woven hat up to this time has ever been made in the United States. They are made largely by oriental labor in the fields and are gathered by the men, who go out and pick them up and send them to the large cities in the oriental countries, and they are transported here. These hats now pay a duty of 35 per cent ad valorem.

We take these hats when we get them here and bleach them and block them and trim them for the home market. Under the wording of that paragraph every single hat that now appears on this table pays 35 per cent duty. The hat in the natural state, just as it comes from the field, and that same hat bleached and blocked pays 35 per cent. This same hat body, although of thin texture and dyed and colored [exhibiting hat], pays the same duty.

These hats range in prices. The common harvest hat, commonly used by the farmer, comes over here at a cost of between 25 and 35 cents a dozen and is sold throughout the stores at 5 cents apiece. Our suggestion is that a slight differential should be made to distinguish between these hats as they progress in manufacture. At the

PARAGRAPH 422—STRAW HATS, ETC.

time this language was incorporated in the act these hats only came over in the natural condition. European countries made no attempt to go into the straw-hat business. We block these hats and bleach them and sell them over the country. Within the last four or five years they have gone into this business, and now these hats come over here in very large quantities in this finished condition without the trimmings.

We suggest that the duty which is now 35 per cent on body hats be reduced to 25 per cent, if the committee deem it wise. We think that it will stimulate a little larger importation of these hats, particularly of some of the better grades. We particularly refer to the better class of leghorn hats such as this [exhibiting hat], and some manila hats which come from India and some of these other oriental countries, and also these low grades of Panama hats which come from South America [exhibiting hat].

The bleaching industry is one of considerable substance here; it requires chemicals and rather difficult processes. The bleached hat, the unbleached hat, and the blocked hat all come in in the same class. We think it only reasonable to urge that there should be some slight differential. We have suggested that you lower the duty on the body hats from 35 to 25 per cent, and the result of that will be that a great many hats, such as leghorns, which are frequently sold just like this in the naked condition by the stores to women who trim them to suit themselves and block them in any shape—we think that if 10 per cent is taken off there will be enough competition among dealers to result in these hats being sold to the consumer at some little figure less than they are sold now.

Here is a sewed braid hat. This hat is made out of straw braid that comes in in long winding sheets, 50, 60, or a 100 yards in a piece; it is sewed on the machines, pressed and blocked into that shape; it is a completely manufactured article, with the only exception that it has not a band on it and has not the piece of leather on the inside. Under the wording of the present paragraph that hat pays 35 per cent duty. If the band is put around it it pays 50 per cent. The result of that is that within the last two or three years thousands and thousands of these particular hats have come into this market paying 35 per cent instead of 50 per cent, as was intended, or should have been intended at least, by the act. We are now meeting with competition to a large extent, and 20 to 23 per cent of the total consumption of sewed braid hats in this country are of foreign manufacture. It is difficult to ascertain from the census reports just how many of these hats come in, because there is no distinction between the sewed braid hat and the woven body hat. The only way we have been able to get this information is to keep track of the shipments and go into the factories of these importers who go abroad and buy these hats in this shape and bring them here and put the trimmings on them.

It may surprise the committee to know that this particular hat here [exhibiting hat] is brought into this country in hundreds and hundreds and hundreds of dozens by Mr. Vanderhoef, the gentleman who was to have made this argument, and who is one of the largest hat manufacturers in the United States. He brings those hats in here and they

PARAGRAPH 422—STRAW HATS, ETC.

cost him aboard the steamer at the port of sailing \$2.76 a dozen. Just think of it. They cost him landed \$4.17 a dozen.

Mr. HILL. Is that with the duty paid?

Mr. DAMMANN. Yes, sir; duty, insurance, cartage, and all transportation paid. The same hat made in this country would cost at the factory, without 1 cent for selling expense or office expense, \$5.14, or a difference of slightly under a dollar. I will show you the distinct advantage of bringing that hat in in the untrimmed state. The trimmings of the hat consist of a silk band, and there is 50 per cent revenue on silk bands to-day, so that whether the importer brings it in on the hat or off the hat he pays 50 per cent for it anyway. The satin top inside, if it is in the hat pays 50 per cent, and if it isn't in the hat it pays 60 per cent.

Mr. HAMMOND. How much does it increase the value of that hat to put in the lining, the leather band, and the band on the outside?

Mr. DAMMANN. The trimmings cost from \$1.50 to \$2.50, depending upon the grade. A woman can trim from 84 to 90 hats a day, at a cost of 2½ cents a hat. That is all the labor that is involved in the trimming.

Mr. HAMMOND. Taking the labor and the material together, how much does it cost?

Mr. DAMMANN. From about \$1.60 to \$2.60, depending upon the quality of the material. By bringing the hat in he gets the advantage of 15 per cent on \$2.71 on that grade of hat, the advantage increasing as the price of the hat goes a little higher.

Mr. PALMER. You were speaking of the trimming. You explained that the hatband pays a duty of 50 or 60 per cent and the satin lining a duty of 60 per cent. What about the sweatband?

Mr. DAMMANN. The leather sweatband pays 35 to 40 per cent.

Mr. PALMER. So that all the trimmings pay a higher rate of duty than the hat itself?

Mr. DAMMANN. Yes, sir; the importer can buy his trimmings abroad and bring them in independent of the hat, but it will not cost him one cent more if he brings them in here on the hat. It costs more to bring the trimmings over independent of the hat than it does attached to the hat.

The suggestion we make is that this [exhibiting hat] is to all intent and purposes a manufactured article. When you consider that a woman who makes from \$2 to \$2.25 a day can turn out 84 to 90 hats a day, you will see that there is but very little to do on that hat after it comes in here.

Italy, England, and France never made straw hats that were used in this country up to two or three years ago. People abroad rarely wore straw hats, strange as it may seem, and when they did wear them they wore shapes and fashions that nobody dreamed of wearing over here. The hats they did make were made as they are largely made now. A straw-hat manufacturer will buy a lot of braid, and he will go out into the little country town where a factory is located and give a woman 30 or 40 or 50 pieces of braid, and she will take it home and sit down at her machine and make the hats and bring them to him. He will gather them up in that way. Hats are made largely in England that way to-day.

PARAGRAPH 422—STRAW HATS, ETC.

Within the last two or three years they have made very active bids for this market. The Italian manufacturers now have offices in New York City and have their traveling agents going through the country just like we do; there is no difference at all. It is not like they were bringing in hats through some importers; they are here themselves.

We think we ought to meet them upon a fair basis and that this hat [exhibiting hat] ought to come in as a manufactured article and that the words "untrimmed" and "trimmed" should be eliminated from the paragraph. We are on a pretty fair competitive basis when we have to meet them at 50 per cent. There is not any of our raw material that we do not have to go to the other side to buy. It seems only fair that being on a competitive basis we ought not to permit these people to bring these hats in and take advantage of this apparent language which never was intended to allow the importation of a manufactured article. The words "trimmed and untrimmed," in hatology, if I may adopt an accurate term, were intended to mean the raw stock and the finished article. The fact that they bring it in in that shape shows that their only purpose was to get the benefit of this reduction, and that they accomplished just what they are after. We respectfully suggest that that ought not to continue, and that they should not get the benefit of this apparent loophole. We think that the language ought to be changed and that the words "trimmed" and "untrimmed" should be eliminated from the paragraph.

Mr. PALMER. Do you want them all made 35 per cent or 50 per cent?

Mr. DAMMANN. We want it all at 50 per cent. We are now on a competitive basis at 50 per cent and well within the standard that I have heard a great many people set here in the last day or two.

Mr. PALMER. What is the total American production of straw hats?

Mr. DAMMANN. The total American production of straw hats does not exceed 13,000,000. That means men's straw hats, of course. The census report shows all kinds. That, I think, is incorrect, because it ought to be a little more. They include women's hats. There is not a woman's hat that is not manufactured in this country. Some woman may go abroad and buy some hats and bring them in in her trunk. The style in women's hats changes over night. If you try to bring women's hats over here, by the time they leave the other shore the style will have changed before they get here. The manufacture of women's hats consists of taking some of the braid that I have spoken of here and putting it together. Ladies' hats are only made within a week or two before they try to buy them. The millinery people do not attempt to make up their hats until some of the more fashionable ladies come over from the other side and indicate what kind of hats they are going to wear. Then they make up their articles. I think I can safely say that there are no women's hats brought into this country, except hats which are brought here by tourists, or some Fifth Avenue milliner will buy three or four in order to start a fashion.

Mr. PALMER. The production of men's straw hats, you think, is about 13,000,000?

Mr. DAMMANN. I think we produce 13,000,000.

PARAGRAPH 122—STRAW HATS, ETC.

Mr. PALMER. The imports, I see, in 1911, were 7,000,000.

Mr. DAMMANN. No, sir, I do not think there were 7,000,000. I do not think that is quite correct. Of course the 7,000,000 included bodies and included these kind of hats [exhibiting hat]. They did not mean all sewed braid hats. It is hard to take them out.

Mr. PALMER. Did it include braids?

Mr. DAMMANN. It included braids. The body hats, trimmed and untrimmed, were very close to \$5,000,000. We tried to accurately find out, but we could not do it. The only way we can do it is to get pretty close to these trimming rooms in New York City, where they have 60 or 70 women with sewing machines turning out 84 to 90 hats a day.

Mr. PALMER. The total imports, including braids, was \$7,000,000.

Mr. DAMMANN. I think a little bit more.

Mr. PALMER. In 1911?

Mr. DAMMANN. Yes. In 1912 there were \$8,405,000.

Mr. PALMER. The total American production was about \$13,000,000.

Mr. DAMMANN. No, sir, I think the total American production was about \$21,000,000. That \$21,000,000 includes ladies' hats. I think the total production of men's hats did not exceed \$13,000,000.

Mr. PALMER. The imports were entirely of men's hats.

Mr. DAMMANN. Yes, sir.

Mr. PALMER. So that the proportion of foreign competition that you have to meet is as 7 to 13, approximately?

Mr. DAMMANN. If you include the hat bodies; yes, sir.

Mr. PALMER. Including the braids. They are included.

Mr. DAMMANN. Yes, sir, 7 to 13.

Mr. PALMER. The value of the braids and the bodies is included in the amount of the domestic production, is it not?

Mr. DAMMANN. Yes; that is correct.

Mr. PALMER. So that it is proper to include them in making that comparison?

Mr. DAMMANN. Yes, sir.

Mr. PALMER. And so far as men's hats are concerned you are up against a 50 per cent competition, approximately?

Mr. DAMMANN. Yes, sir.

Mr. PALMER. Your proposition is to leave braids at their present rate of 15 per cent, with the exception of ramie braids, which you also want taken out of the schedule where they now are found and put under the 15 per cent schedule.

Mr. DAMMANN. Yes, sir.

Mr. PALMER. Are you willing to strike out the differential between unbleached and bleached?

Mr. DAMMANN. Well, we think that ought to be in there. There are bleaching establishments in this country which have been developed and if you strike that out, we will bring the braid over here bleached, that is all. If you will examine the tabulated statement there, you will find that about 25 per cent of the braid comes over bleached and dyed as it is.

Mr. PALMER. What was the classification that you desired to have reduced?

PARAGRAPH 422—STRAW HATS, ETC.

Mr. DAMMANN. Real horsehair hats, which now come in as being similar to articles composed of artificial horsehair. We think there ought to be a special provision made and that hats composed of real horsehair braid should be included in the same paragraph as braids composed of real horsehair. We have suggested in the brief which we filed here yesterday, language which we think will cover our suggestion, and if the committee will follow those suggestions, what we have asked for will be granted.

The CHAIRMAN. We will look into it and consider it carefully.

The brief spoken of above follows:

NEW YORK, January 31, 1913.

*To the honorable members of the Ways and Means Committee,
Washington, D. C.*

SIRS: In behalf of the Straw Goods Association, I beg to present the following memorandum in reference to paragraph 422 of the act of August 5, 1909.

The association is composed of manufacturers of hats for men, women, and children out of straw and other characters of braid mentioned in this paragraph, and the importers and the bleachers and dyers of the braid.

We respectfully make the following suggestions, and at the outset of our brief, parallel the language of the present paragraph and the language which we suggest:

PRESENT ACT—PARAGRAPH 422.

Braids, plaits, laces, and willow sheets or squares, composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, or manila hemp, suitable for making or ornamenting hats, bonnets, or hoods, not bleached, dyed, colored, or stained, 15 per cent ad valorem; if bleached, dyed, colored, or stained, 20 per cent ad valorem; hats, bonnets, and hoods composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, cuba bark, or manila hemp, whether wholly or partly manufactured, but not trimmed, 35 per cent ad valorem; if trimmed 50 per cent ad valorem. But the terms "grass" and "straw" shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof.

SUGGESTED CHANGE—PARAGRAPH 422.

Braids, plaits, laces, willow sheets and squares, composed wholly or in chief value of straw, chip, grass, willow, osier, rattan, real horsehair, cuba bark, manila hemp or ramie, suitable for making or ornamenting hats, bonnets, or hoods, not dyed, bleached, colored, or stained, 15 per cent ad valorem; if bleached, dyed, colored, or stained, 20 per cent ad valorem; hats, bonnets, and hoods, composed wholly or in chief value of sewed or plaited leghorn straw, not bleached, dyed, colored, or stained, unblocked and untrimmed, 25 per cent ad valorem; if bleached, dyed, colored, or stained, 30 per cent ad valorem; if blocked, 40 per cent ad valorem; if blocked and trimmed, 50 per cent ad valorem; hats, bonnets, and hoods, composed wholly or in chief value of woven and not sewed straw, chip, grass, palm leaf, willow, oier, rattan, cuba bark, ramie, real horsehair, or manila hemp braid not bleached, dyed, colored, or stained, unblocked and untrimmed, and not provided for, 25 per cent ad valorem; if bleached, dyed, colored, or stained, unblocked and untrimmed, 30 per cent ad valorem; if blocked, 40 per cent ad valorem; if blocked and trimmed, 50 per cent ad valorem; hats, bonnets, and hoods, composed wholly or in chief value of sewed and not woven straw, chip, grass, palm leaf, willow, osier, rattan, cuba bark, ramie, real horsehair, or manila hemp braid wholly or partly manufactured, 50 per cent ad valorem. But the terms "grass" and "straw" shall be understood to mean the substances in their natural form and structure and not the separated fiber thereof.

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Suggestion No. 1.—Ramie braid should be included with the other braids mentioned in paragraph 422.

Ramie braids should be included in paragraph 422, as they come under the same classification of braids mentioned therein, and should not bear a different tariff than other braids composed of vegetable fiber, which enter into the manufacture of hats. Under the present law ramie braids are classified under paragraph 349. Not an inch of ramie braid is manufactured in the United States. Ramie braids are chiefly produced in Italy and Switzerland and are composed of grass grown in China, which is subjected to certain pressing processes for the purposes of plaiting. These braids are plaited solely for the purpose of being sewed into a woman's hat and are in all respects similar to braids composed of straw, chip, grass, rattan, and the other braids enumerated in this paragraph.

We submit for inspection samples of ramie braid, now dutiable at 60 per cent under paragraph 349, and samples of chip braid, now dutiable at 15 per cent under paragraph 422. We also submit samples of braids composed of straw, hemp, Cuba bark, and real horsehair. An examination will show that these braids are in many respects very much alike, and all of them are used only in the manufacture of hats.

It will be observed that ramie braid is very much like chip braid, except of a somewhat heavier texture. Paragraph 349 was never intended to apply to hat braids, but the language was broad enough to include ramie braids and to exclude ramie braids from paragraph 422. Ramie braid is no more expensive than some grades of braid enumerated in paragraph 422 and is less expensive than some of the better grades mentioned therein.

It is therefore respectfully submitted that paragraph 422 should be amended by inserting the word "ramie" after the words "Cuba bark." This change will largely increase the importations, on account of the reduced cost.

Suggestion No. 2.—Hats composed of real horsehair should be included in paragraph 422.

Paragraph 409 of the act of 1897 did not include braids, etc., composed of real horsehair, Cuba bark, or manila hemp, nor hats composed of those three classes of braid. When the present act was under consideration it was urged by this association that paragraph 409 be amended by including braids suitable for making hats, and hats composed of real horsehair, Cuba bark, and manila hemp, for the reason that in texture and use braids and hats composed of these vegetable and animal fibers were commercially similar to the other braids and hats enumerated in this paragraph. The act of 1897 was amended by the act of 1909 for the reasons urged, by including braids composed of real horsehair, manila hemp, and Cuba bark, and likewise by inserting hats composed of manila hemp and Cuba bark, but through oversight, hats composed of real horsehair were eliminated. Real horsehair braid is made in Switzerland out of hair recovered from the tails of Russian horses. No real horsehair braid is made in the United States. Under T. D. 32357 (U. S. v. Bass & Warner, No. 782), real horsehair hats are now classified under paragraph 405 and pay a duty of 60 per cent ad valorem and 45 cents per pound. The Court of Customs Appeals held that no provision being made for real horsehair hats and as they are comparable with horsehair braid articles, they should be classified under paragraph 405 under the similitude clause. No hats composed of real horsehair are made in the United States.

It is respectfully urged that "hats" composed of real horsehair braid should be included in the same paragraph as "braids" composed of real horsehair, and that the same grouping of braids suitable for making hats, and hats composed of horsehair braids, should be followed.

Suggestion No. 3.—We urge that hat bodies be divided into the following classifications:

- (1) Hats composed of woven straw.
- (2) Hats composed of sewed straw braid.
- (3) Leghorn hats which are composed of woven straw and sewed braid.

Under the present language of paragraph 422, all classes of hats composed of straw, chip, grass, palm leaf, willow, osier, rattan, Cuba bark or Manila hemp, whether natural or bleached and whether partially or wholly manufactured, are dutiable at 35 per cent if untrimmed, and if trimmed, at 50 per cent. No distinction is made between what are commercially known as "woven-body hats," that is, hats made out of woven straw in the countries where they are produced, such as Panama, Bangkok, and Java hats, and between "braid hats," which are made out of sewed braid composed of straw, chip, rattan, willow, and the other braids enumerated in paragraph 422.

PARAGRAPH 422—STRAW HATS, ETC.

The straw hat manufacturers in the United States are principally engaged in the business of manufacturing sewed braid hats and blocking and shaping woven body hats. Not a single so-called woven body hat is made in the United States.

We urge a further classification of body hats and the dutiable rates as follows:

	Per cent.
(1) Woven body hats, not bleached, dyed, colored or stained, unblocked, and untrimmed.....	25
(2) Woven body hats, bleached, dyed, colored or stained, unblocked, and untrimmed.....	30
(3) Woven body hats, bleached, dyed, colored or stained, and blocked.....	40
(4) Woven body hats, bleached, dyed, colored or stained, blocked, and trimmed.....	50

As a woven body hat becomes more valuable as it is respectively bleached, dyed or stained, and blocked and trimmed, the duties should be progressive and increased. Under the present paragraph a woven hat body untrimmed is dutiable at 35 per cent and trimmed at 50 per cent. In urging a reduction from 35 per cent to 25 per cent, we believe that the importations of this class of merchandise will be considerably increased.

These woven body hats cover a wide range of prices; indeed, they sell wholesale from 75 cents per dozen upwards. Among the lower grades are the so-called "harvest hats," better known as the wide-brimmed straw hat which the farmer usually wears. Some few of the woven body hats, principally Panamas, are expensive, but the vast majority of Panama hats are valued at the port of export from \$9 to \$15 per dozen and are mostly retailed in the United States at from \$3 to \$5 apiece. We do not suggest a reduction from 35 per cent to 25 per cent from any selfish motive and are quite satisfied to have the duty remain at 35 per cent, except that we believe our knowledge of the trade should be placed before the committee with the statement that if the duty is reduced, it will result in a corresponding reduction of the price, which the consumer will have the benefit of, and it is to that end that a reduction would be agreeable.

We do, however, urge that whether the duty on woven hat bodies is changed or not, a differential duty should be placed on body hats which are bleached, stained, dyed, or blocked, because the bleaching, dyeing, and staining and blocking of woven body hats is done in the United States.

Under the present language of the paragraph, woven body hats that are bleached and blocked pay the same duty as a woven body hat, unbleached and unblocked. As a result, a great many woven body hats, and in some kinds of body hats all of them, are brought into the United States bleached and blocked, thereby depriving the United States manufacturers of this work, because it is manifest that an importer would prefer to bring over the hat manufactured rather than unmanufactured, if no higher duty were imposed. We illustrate the difference between an unbleached, a bleached, and a bleached and blocked hat body.

We suggest the following language to cover woven body hats:

"Hats, bonnets, and hoods, composed wholly or in chief value of woven and not sewed straw, chip, grass, palm leaf, willow, osier, rattan, Cuba bark, ramie, real horse-hair, or manila hemp braid, not bleached, dyed, colored, or stained, unblocked and untrimmed, and not provided for, 25 per cent ad valorem; if bleached, dyed, colored, or stained, unblocked and untrimmed, 30 per cent ad valorem; if blocked, 40 per cent ad valorem; if blocked and trimmed, 50 per cent ad valorem."

Suggestion No. 4.—Special provision should be made for plaited leghorn hats.

All of our remarks with relation to woven hat bodies apply to hat bodies composed of plaited leghorn straw, and the only reason why special phraseology is necessary to cover leghorn hats is to differentiate a leghorn hat from a woven body hat covered by suggestion No. 3, and a sewed braid hat covered by suggestion No. 5, because a leghorn hat is made from a plaited braid which is meshed and held together by a cotton thread, so that it is neither a woven or a sewed braid hat, but is composed of both. These hats are not made in the United States.

We suggest the following language to cover leghorn hats:

"Hats, bonnets, or hoods, composed wholly or in chief value of sewed or plaited leghorn straw, not bleached, dyed, colored, or stained, unblocked and untrimmed, 25 per cent ad valorem; if bleached, dyed, colored, or stained, 30 per cent ad valorem; if blocked, 40 per cent ad valorem; if blocked and trimmed, 50 per cent ad valorem."

Suggestion No. 5.—Hats composed of sewed straw braid should be dutiable at 50 per cent whether trimmed or untrimmed.

Under the present classification a hat body composed of sewed straw braid, such as Exhibit No. 18, is dutiable at 35 per cent, if untrimmed; and if trimmed, such as Exhibit No. 19, at 50 per cent. The only difference between a trimmed and an untrimmed hat is that a trimmed hat has a piece of ribbon, usually silk, placed around the crown, a satin lining and a leather sweat placed inside of the hat. There has been

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a progressive increase in the importations of trimmed sewed braid hats within the last few years, which is illustrated by the figures taken from the Government reports, hereinafter set out.

Prior to 1911 untrimmed sewed braid hats were not brought into the United States, but a number of importers discovered that they could more profitably import untrimmed sewed braid hats, such Exhibit No. 18, than trimmed hats, such as Exhibit No. 19, because the hat in an untrimmed state under the present act is dutiable at 35 per cent, and if trimmed, at 50 per cent. Very large quantities of these untrimmed sewed braid hats have been coming into the United States and have formed such strong competition to the domestic manufacturer that on some grades the domestic manufacturer has been obliged to almost stop manufacturing, or to continue to do so and meet the competition at a loss. These untrimmed hats are brought into the United States and trimmed here for home consumption.

Substantially all of the labor which enters into the manufacture of a sewed-braid hat is completed when the hat is ready for trimming. Sewed-braid hats are made out of straw or similar braid, sewed together by machine and then either by hand or machine process blocked and pressed into the desired shape, and when so blocked and pressed is a completely manufactured article, except for the trimming. The trimming is only an incidental part of the manufacture and is of such minor importance that a female operator usually trims from 70 to 80 hats per day, for which she receives on an average of 2½ cents per hat. It is impossible for a domestic manufacturer to finish a sewed-braid hat up to the point of trimming against the competition of Italian factories with a duty of 35 per cent. Independent of the labor item, to which we hereinafter refer, there is but a slight differential duty on a sewed-braid hat at 35 per cent. Every inch of straw or similar braid out of which our hats are manufactured is imported. All braid is bleached before manufacture, and much of it is imported in a bleached state. If imported bleached we pay 20 per cent; if unbleached, 15 per cent; so that as the law now stands we pay substantially 20 per cent duty on all braid out of which our hats are manufactured, making allowance for the cost of bleaching in the United States on braids which are imported unbleached, which cost of bleaching is equivalent to the 5 per cent differential between the bleached and unbleached braid. In addition to the straw braid, the only other important material which enters into the manufacture of a hat is glue. Every dozen hats contains 15 cents worth of glue, the largest part of which is imported and against which a duty averaging 25 per cent is paid. Paying therefor 20 per cent on our braid and 25 per cent on our glue, does not leave a very large differential on the sewed-braid untrimmed hat at 35 per cent.

Considerable effort has been made to obtain the exact manufacturing cost of sewed-braid hats, both untrimmed and trimmed, and representatives of several hat manufacturers went abroad for the purpose of investigating the straw-hat business as conducted in Europe, and to learn why they could manufacture hats so much cheaper than we could. They went through various hat factories and found them equipped equally as well as the straw-hat factories of the United States, and with all the modern appliances and machinery. An operator is able to make just as many hats over there as here. The work is all piecework, and, while unable to obtain the precise piecework cost of hats, they did find out that the average labor cost price per dozen was about 35 per cent of the cost price in the United States. This in particular applies to Italian factories, where the labor was in some instances about 25 per cent of what is paid in the United States. Indeed, the price of the sewed-braid hats was so attractive that several American straw-hat manufacturers now import these hats in an untrimmed state, finding that these hats can be landed in the United States, all charges paid, cheaper than they can be made in their own factories. Exhibit No. 18 is an Italian untrimmed hat, which sells placed aboard the steamer at the port of sailing for \$2.76 per dozen, and which can be landed in New York City, duty and all charges paid, at \$4.17 per dozen. Exhibit No. 20 is the same hat manufactured in the United States, and for comparison the following is a schedule of cost of this hat:

Braid.....	\$1. 39
Bleach.....	. 62
Thread and sewing.....	. 86
Pressing and blocking.....	. 34
Flanging.....	. 06
Factory expense (figured on a capacity of 200 dozen hats per day, and including only rent, light, heat, steam, etc., and excluding any office or selling expense or profit).....	1. 87
Total.....	5. 14

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The facts as to the cost of Exhibit No. 18 will be verified by the contracts, invoices, and other papers connected with various customhouse entries and the facts as to the schedule cost of Exhibit No. 20 can be verified at any straw-braid factory in the United States. Indeed, the schedule of wages paid in straw-hat factories is largely based upon the piecework price and production. We therefore respectfully submit that the difference, so far as labor is concerned, between an untrimmed and a trimmed sewed braid hat is so insignificant as to require no differential duty, and that they should no longer be distinguished as to classification, and that an untrimmed hat requires as much protection as a trimmed hat.

The Italian sewed braid untrimmed hat can be landed in the United States for 97 cents a dozen, duty and all charges paid, cheaper than the same hat can be manufactured in the United States. If to this difference of 97 cents is added the office and selling cost, and even the slightest profit to the manufacturer, a startling difference exists, as illustrated by Exhibit No. 20. If Exhibit No. 18 were trimmed abroad, the market value at the port of export would be \$4.25 per dozen, the difference between the untrimmed and the trimmed being \$1.49 per dozen, which represents the cost price of the hat trimmings and the amount spent for the labor of trimming. Hat trimmings consist of silk bands, satin linings, and leather sweats. If the hat were imported in a trimmed state instead of an untrimmed state, the duty would be 50 per cent, an increase of 15 per cent, not alone on the sewed braid body, but on the increased value of the body as enhanced by the addition of the value of the trimmings. These hat trimmings cost the European manufacturer about one-third less than they cost the domestic manufacturer. Nearly all hat trimmings are imported.

	Per cent.
On silk bands we pay a duty of.....	50
On satin linings.....	60

Exhibit No. 19, which is a hat made in Italy and is the same as Exhibit No. 18, only trimmed, can be placed aboard a steamer at the port of sailing in Europe for \$4.25 per dozen, and the same hat can be landed in New York City, plus duty and all other charges, for \$7.04 per dozen. To reproduce this hat under the same scale of wages as illustrated in the cost schedule heretofore given would cost \$8.49 per dozen, or a difference of \$1.45 per dozen above the price that the Italian hat can be delivered in New York City. We refrain from going further into comparative labor cost, as we are advised that the difference in labor cost will not be the controlling factor in estimating whether or not a particular article is subject to too much protection.

Sewed braid hats, trimmed or untrimmed, should be retained at 50 per cent, because the amount of duty is not prohibitive and only represents a fair differential duty between the cost of raw material to the domestic manufacturer and does not represent the difference between the actual cost of labor between foreign countries and the United States. The facts heretofore given regarding the selling price of Italian-made hats and the cost price of the same hat made in the United States is the absolute truth, and this statement is not made through hearsay facts, but is made as a result of actual business transactions which are taking place every day.

It may be argued that the quantity of importations is not sufficiently large in warranting us to say that a very fair proportion of domestic consumption is of foreign-made hats. We do say that a very fair proportion is of foreign manufacture, although a first glance at the Government statistics does not make this clear. On trimmed hats alone there has been a progressive increase from year to year. In the fiscal year of 1912 importations amounted to 343,752; in 1911, 265,000; 1909, 215,000; 1908, 164,000; 1907, 148,000; 1906, 88,000; 1905, 54,000; 1904, 49,000; 1903, 38,000. This schedule includes only sewed braid hats, because woven body hats are never imported trimmed. It is impossible to ascertain the quantities of untrimmed sewed braid hats, about which we are greatly apprehensive, because they are not classified under hat bodies, which classification includes Panamas, Java, and all kinds of woven body hats.

The importations of dutiable hat bodies is as follows:

1912.....	3,612,000
1911.....	2,920,000
1910.....	2,898,000
1909.....	2,037,000
1908.....	2,482,000

The above figures for 1911 and 1912 include sewed braid hats. (Prior thereto sewed braid untrimmed bodies were not imported.) It will be observed that since 1909 there has been a substantial increase in importations, and in 1912 this increase

PARAGRAPH 422—STRAW HATS, ETC.

was more than \$700,000 over the highest previous year. We know that the importations of woven hat bodies has not substantially increased, if increased at all, during the last two years. In former years large quantities of leghorn hat bodies were imported from Italy, in particular, in the years 1908, 1909, and 1910. The demand for leghorn hats on account of change in fashion, greatly diminished in 1912, so that but very few of these hats were imported. Likewise in the year 1911 the collector of the port of New York practically closed that port to Panama hats on account of alleged undervaluations. The action of the collector put a quietus on the Panama hat industry for that year and was so effective that practically no Panama hats were entered into the United States for nearly 10 months.

While it is true that we are interested in this subject, we are not giving colored and unfair statements, and these facts are well known to anyone at all familiar with this industry. It is also true that prior to 1909 all hats from the Philippine Islands were dutiable at 27 per cent. Manila hats and bangkok hats come exclusively from this territory, and since 1909 this class of hats has been free of duty, which fact must be taken into consideration when comparing progressive importations of hat bodies, as shown by Government reports.

Knowing the average number of hats that an operator can trim during a day, it is not hard to calculate the output of a trimming room by multiplying the number of employees by the average production. The estimated gross production of these trimming rooms forms the basis of our estimate.

We know of a number of importers who maintain trimming factories where these imported sewed-braid hats are trimmed for the American market, and from such facts and from investigations which we have made we accurately estimate that the total amount of untrimmed sewed-braid hats imported during the year 1912 amounted to at least \$1,000,000. This sum is the value at the port of export, and when the duty of 35 per cent and the cost of trimming these hats are added it will bring the amount up to the American equivalent of \$1,750,000 (value of same hats if manufactured in the United States). Add to this sum the value of the trimmed hats at the port of export, \$336,000, and the duty on these trimmed hats at 50 per cent, making a total of \$514,000 (value of same hats if manufactured in the United States), it will be found that the total sewed-braid hat importations during last year amounted to about \$2,264,000, or approximately 20 per cent of the total production of the men's straw hats manufactured in the United States, based upon an estimated production of about \$13,000,000. This estimate is the result of a canvass of the product of the different straw-hat factories and is as accurate as can be had without an examination of the books of the different factories. A man rarely buys more than one straw hat a season, and many men never wear them. As they are sold as cheap as 10 cents apiece (the farmer's hat) and a large portion of them at \$1 or less, this estimate must be fairly accurate. This amount is certainly a very fair competition, and justifies the statements that we make that we can not manufacture a straw hat in the United States at less than three times the cost of our European competitors.

The fact that large quantities of foreign-made straw hats were on sale in the United States must be known to every man, because for the past two years they have been well advertised in all the newspapers throughout the country and exhibited by most every retailer. All of the English and Italian straw-hat manufacturers have agents in this country, and every season salesmen travel throughout the United States with a full sample line, the same as the American manufacturers. All this is of but recent growth and is due to the fact that it is only within the last three or four years that the European manufacturers have made any attempt to get their product into this market. Prior to that time they confined their factories to the manufacture of European styles and shapes, which were radically different from the styles and shapes worn in the United States, but within the last three or four years they have made a very earnest and active bid for this market and have been diligent in producing styles, so much so that the United States manufacturer must admit, reluctant as we are to do, that they are our equals in creating styles. This fact shows why prior to 1909 they were not active competitors.

Our industry is not a very large one. We represent a capital of about \$12,000,000. The factories are located throughout the United States—in Massachusetts, Connecticut, Georgia, Maryland, Pennsylvania, Wisconsin, Ohio, Missouri, Illinois, Virginia, California, and Minnesota. The total product is estimated about \$13,000,000 annually, as heretofore stated, all of which is sold in the United States. The business is not one which offers particular attraction to capital, because it requires capital almost equivalent to the total amount of sales. It is a so-called one-season business, and capital can be turned practically but once a year.

PARAGRAPH 422—STRAW HATS, ETC.

We are large contributors to the Government for tariff paid on our raw material. In 1912 we paid a duty on braid of \$772,000. The total duty on hat bodies imported by us amounted to \$1,264,000, making a total of nearly \$2,036,000 on imports of straw goods which we contributed as revenue. This does not include the duty paid on hat bands, hat linings, and leather sweatbands. Certainly, it can not be said that an industry which pays this amount of revenue on its raw material, and which likewise is obliged to meet such active competition as is shown by the figures heretofore given, is overprotected.

If untrimmed hats are not distinguished from trimmed hats, it will divert the importations from untrimmed to trimmed hats and give us an opportunity to meet this competition, for as the matter now stands we are hopelessly at the mercy of our foreign competitors.

It is therefore respectfully submitted that the paragraph covering our industry should be changed as outlined at the commencement of this brief.

H. B. Vandehoef (representing the following members of the association): Brigham, Hopkins Co., Baltimore, Md.; M. S. Levy & Sons, Baltimore, Md.; Montague & Gillet Co., Baltimore, Md.; Vanderhoef & Co., New York City; Norwalk, Conn.; Milford, Conn.; Blum & Koch, New York City; M. S. Mork & Co., Newark, N. J.; New York City; Wm. Knowlton & Sons, New York City; Upton, Mass.; Comey & Johnson, Cleveland, Ohio; Wm. Carroll & Co., Fishkill, N. Y.; New York City; Leyser-Green Co., New York City; Chicago, Ill.; San Francisco, Cal.; Searle, Dailey & Co., New York City; Medfield, Mass.; National Straw Works, Milwaukee, Wis.; R. H. Comey Co., Brooklyn, N. Y.; Camden, N. J.; Amherst, Mass.; Chicago, Ill.; Westboro Hat Co., Westboro, Mass.; Grove Straw Hat Works, New York City; Hoboken, N. J.; Wm. F. Chiniquy Co.; Chicago, Ill.; Isler & Guye, New York City; Olivier & Co., New York City; Dearbergh Bros., New York City; Phila. & China Trading Co., Philadelphia, Pa.; New York City; American Trading Co., New York City.

BRIEF OF R. H. COMEY CO., CAMDEN, N. J., ET AL.

[Schedule N, par. 422, Payne tariff law.]

JANUARY 20, 1913.

HON. OSCAR W. UNDERWOOD, *Chairman*,
AND MEMBERS OF THE WAYS AND MEANS COMMITTEE.

GENTLEMEN: We have the honor to invite your attention to paragraph No. 422, Schedule N, relating to the duty on braids composed of straw and chip, etc., used for the manufacture of hats, which reads as follows:

"Straw braids, plaits, laces, willow-sheets, and squares, composed wholly or in chief value of straw, chip, grass, willow, osier, rattan, real horsehair, Cuba bark, Manila hemp, or ramie, suitable for making or ornamenting hats, bonnets, or hoods, not dyed, bleached, colored, or stained, * * * 15 per cent ad valorem. If bleached, dyed, colored, or stained, * * * 20 per cent ad valorem."

Under this paragraph, we, as dyers and bleachers of braids, have a slight protection between the natural braids (our raw material) and the bleached, dyed, colored, or stained braids (our finished product) of 5 per cent.

We feel justified in asking for the retention of this present slight protection, because our business is largely the coloring and bleaching of these braids for the manufacturing and jobbing trade.

In our process of manufacture we employ chemicals and aniline dyes to the extent of over 50 per cent of our cost.

The anilines and chemicals we use pay a duty of from 25 to 35 per cent.

The flax and hemp twines we use pay a duty of 35 per cent.

The paper we use is also dutiable at 35 per cent.

Our average labor cost is \$2 per day. In England the labor employed in the same business costs from 60 to 75 cents per day; in Italy, 40 cents per day, and in China and Japan it is still cheaper.

The foreign dyers, by reason of their exceptionally low labor cost, and their ability to purchase chemicals and other supplies so much cheaper than we in America, can produce work of a quality equal to ours at an immensely lower cost in everything.

As convincing proof that the additional duty of 5 per cent on dyed and bleached braid (the retention of which we ask for) does not militate against the American con-

PARAGRAPH 422—STRAW HATS, ETC.

sumer, we respectfully submit the following figures, taken from customhouse records, which show a substantial and steady increase yearly in the importation of bleached, dyed, colored, or stained braids.

Straw and chip braids imported during the year.

Ending June 30—	Not bleached.	Bleached, dyed, colored.
1903.....	\$2,292,731.00	\$353,020.60
1909.....	2,999,624.00	414,749.00
1910.....	4,254,291.00	476,204.25
1911.....	3,800,614.60	555,797.00
1912.....	3,723,172.00	1,070,317.00

Further, to show that the additional duty of 5 per cent on dyed and bleached braids does not in any way affect the ultimate consumer, we beg to submit the following example:

On an import order of 2,000,000 pieces of hemp braid.

2,000,000 pieces, at raw price in England, 30 cents.....	\$600,000
15 per cent present duty on raw braid.....	90,000

Total.....	690,000
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Actual dyeing and bleaching cost in United States, including labor, which is two to three times as high as in Europe, dyestuff, chemicals, twine, etc., which are dutiable at 25 to 35 per cent, 8 cents per piece.....	160,000
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Total cost to the manufacturer in the United States.....	850,000
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2,000,000 pieces of hemp, at raw price in England, 30 cents.....	600,000
If bleached or dyed in Europe, where our labor is but 30 to 50 per cent of our American cost and where the chemicals and dyestuffs are but 65 per cent of our American cost, and where twines, paper, etc., are but 65 per cent of our American cost, at 6 cents per piece.....	120,000
resent duty, 20 per cent (15 per cent on raw, plus 5 per cent on dyed or bleached).....	108,000

Total cost to importers, landed in the United States.....	828,000
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The difference is \$22,000.

Now, 2,000,000 pieces will make about 100,000 dozen hats.

Twenty-two thousand dollars divided into 100,000 equals 22 cents per dozen hats, or less than 2 cents per hat.

We have given the above examples, covering a high-class braid, from which is manufactured hats that sell at wholesale at from \$9 to \$24 per dozen, and retail at from \$3 to \$5 each. On cheaper braids, used to manufacture cheaper hats, the additional expense added is much lower, in some cases as low as one-fifth of 1 cent per hat.

The retaining of the extra 5 per cent duty on dyed, bleached, colored or stained braid, as you can readily see, is so infinitesimal as not to affect in any way the ultimate consumer. It is so slight as not to be considered at all in quoting prices, and the small apparent advantage would be absorbed by the importer or manufacturer—the consumer would not be benefited, while the American laborer would lose heavily.

We therefore pray that the 5 per cent protection afforded us on dyed, bleached, colored or stained braids, as set forth in paragraph No. 422, Schedule N, of the Payne Tariff Law, be maintained.

Respectfully submitted.

R. H. COMEY Co.,
Camden, N. J.
WM. RANDALL & SONS,
Brooklyn, N. Y.

PARAGRAPH 422—STRAW HATS, ETC.

LETTERS OF BRONSTON BROS. & CO., NEW YORK, N. Y., REGARDING STRAW HATS.

BRONSTON BROS. & Co.,
21-29 West Fourth Street, New York.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: The importations of untrimmed blocked straw hats are, at a liberal estimate, not more than 3 per cent of the consumption in this country.

We believe that a readjustment of the hat and braid provisions would produce more revenue, admit of the employment of more labor, and effect a saving to the consumer.

The present duty on untrimmed blocked hats is 35 per cent and the same duty applies to a bleached or unbleached and unblocked hat or plateau, which works against the American labor of bleaching and blocking hats.

We are of the opinion that a more equitable duty and one which would not only fully protect the American producer, but considerably increase the revenue would be 25 per cent.

Taking a given style as illustrating the difference in cost and labor here and abroad, we present the following:

Foreign labor of bleaching, sewing, blocking, and packing costs 92 cents per dozen hats. American labor for the same items based on known operating figures and plus \$0.1075 for duty on the imported braid necessary for making the hat costs \$1.6975 per dozen hats, presenting an excess for American labor over the foreign of \$0.7775 per dozen hats. The duty on this hat based on actual sales is \$1.1375 per dozen, deducting from which the \$0.7775 full difference in labor shows a further protection of \$0.36 per dozen.

The above-mentioned hat costs us after paying ocean freight, cartage, insurance, and duty \$4.7875 per dozen, to which we add actual cost of labor and trimmings \$2.36 per dozen; total cost when ready for shipment on the same plane as the American, who has made his hat from the imported braid \$7.1475.

The American hat made from imported braid would cost, based on price of braid abroad of, say, 6½ pieces to a dozen, at \$0.1125 each, \$0.7175 duty, commission, freight, insurance, etc., \$0.1675, labor \$1.59, bleach, glue, thread, material for edge, packing, etc., \$0.97, overhead \$0.6360, total \$4.0810, make the same addition for labor and trimmings of \$2.36 and the American total cost is \$6.4410.

This shows a difference in favor of the American-made hat of \$0.7065 per dozen, on an initial investment of \$0.8850 as against our investment of \$4.7875, and the element of waste is much greater in our product by reason of breakage.

While we import the shell or body of the hat, we are American manufacturers to no small degree, and, as shown above, add for American labor and materials 50 per cent of our duty-paid landed cost to our imported material, which enables us to come before you without fear of being assailed as selfish importers wholly unmindful of American labor and investment, both of which elements are, in proportion to our business, quite as much a part of ours as of the firm who builds from the braid where we build from the shell.

Until we began the importation and finishing of these goods a few years ago, none of the foreign-made shells were imported. We beg to commend to you the following provision:

	Per cent.
Braids bleached and hats unbleached, unblocked, and untrimmed.	17½
Unbleached, blocked, but untrimmed, and bleached, unblocked, and untrimmed hats.	20
Untrimmed bleached blocked hats, valued at less than \$10 per dozen.	25
When valued at \$10 or more per dozen.	35

We feel you will not be unfriendly to our appeal for readjustment, when it appears to us capable of such, while accomplishing three material results, namely, affording full protection, increasing the revenue, and aiding a comparatively new industry.

We have the honor to be,

Yours, respectfully,

BRONSTON BROS. & Co.
T. S. TODD.

NEW YORK, February 17, 1913.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Supplementing our letter of January 29, we beg to say that we fear the brief of the Straw Goods Association may create an erroneous impression regarding the straw-hat industry, and particularly men's hats.

PARAGRAPH 422—STRAW HATS, ETC.

Our statement that the imports of men's untrimmed blocked straw hats does not exceed 3 per cent of the consumption is undoubtedly a most liberal estimate, as shown by a letter from the United States appraiser at this port under date of February 14, 1913, which reads as follows:

"Answering your letter of the 10th instant, the merchandise embraced under paragraph 422 includes hats, bonnets, hoods, plateaux, strips, composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, Cuba bark, or manila hemp, whether wholly or partly manufactured, but not trimmed.

"This office has no record of the value of men's blocked untrimmed straw hats, but it is estimated that the value does not exceed \$125,000 per annum.

"Respectfully,

"HENRY M. CLAPP,
"Special Deputy Appraiser."

The statistics given by the above Straw Goods Association includes ladies' and children's hats of very high value, as well as Panama hats, of which there are imported, at a conservative estimate, \$1,000,000. These Panamas usually cost more than \$10 per dozen, and we have recommended that at or above this price they should pay the rate of 35 per cent.

Hat bodies, whether woven, hand sewn, or machine sewn, are commercially the same when in the same state of development.

We beg to present our ideas by photograph inclosed, showing that the present paragraph, No. 422, "Hats, bonnets, or hoods composed of straw * * * whether wholly or partly manufactured, 35 per centum," covers a much wider range than is commercially considered in one class and quite ignores the labor and development in America.

Woven or hand-sewn hat bodies are not made in this country.

No. 1. * * * Woven unbleached unblocked hat body, No. 1A, bleached braid. Both are in a quite unfinished state, and in our judgment should pay 17½. Manifestly, No. 1 should not pay the same rate as No. 3. The braid heretofore has paid 20 per cent. We suggest a reduction of 2½ per cent, as the cost of bleaching here does not differ materially from that abroad.

No. 2. Bleached woven unblocked hat body, No. 2A, blocked but unbleached hat, of which the imports are small, and usually of a very coarse grade, the blocking of which is hydraulic, therefore inexpensive.

No. 3. Shows a woven hat bleached and blocked, and indicates the advancement from No. 1, and we believe should, together with No. 3A machine-sewn bleached and blocked hat body, pay 5 per cent more than No. 2 or 2A. These two are imported to the value of about \$125,000.

No. 4. The trimmed hat, an articles on which we have expended from 55 to 70 per cent of our original cost for trimming and labor in this country. It is amply manifest that it should pay very considerably more duty than the shell No. 3.

Trimmed hats are largely imported under the present duty by reason of the constant solicitation by traveling salesmen representing Italian and English manufacturers, but under a readjustment of the schedule as above suggested, the duty could, we think, be reduced to 45 per cent without detriment to our industry.

The same rate of duty on a trimmed hat and on an untrimmed bleached blocked machine-sewn hat as No. 3A is illogical from every viewpoint.

Leghorns should not be separately classified, as they are capable of and subject to the same manipulations as other straw.

The readjustment we have suggested would inure to the benefit of the consumer, and would also, we believe, enable us to make larger use of imported raw materials, because we would be in a position to compete with the domestic manufacturer as to the fineness of braid, which we are unable to do at present.

Last year we paid duties of \$35,000, representing a considerable business, and which has only been possible by reason of originality of style ideas and trimmings.

The American manufacturer, producing hats from the braid, is apparently bitterly opposed to our entrance into their hitherto exclusive field, but we plead to you our right to the creation of this new industry and deny the justice of our exclusion from operation when it represents not more than 3 per cent of the business of the country.

We pray for your friendly consideration.

We have the honor to be,

Yours, respectfully,

BRONSTON BROS. & Co.,
T. S. TODD, Attorney.

PARAGRAPH 422—STRAW HATS, ETC.

BRIEF OF IMPORTERS ON WOVEN UNTRIMMED STRAW HATS.

The WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

We, the undersigned, representing nearly all the importers of Panama hats, request that the ad valorem duty rate in paragraph 422 of Schedule N of the present tariff, in so far as it affects straw hats imported from Colombia, Ecuador, and Peru, be changed to a specific rate.

We make this request owing to the fact that no "market value," as defined by law, can be established in any of these countries on Panama hats.

This condition has been a source of great trouble between the customs authorities and the importers, since it has been impossible for the importer to make entry of such Panama hats until the same were examined by experts and appraised in order to fix an entered value. As a result, long and expensive delays have arisen to the serious injury of the trade.

Panama hats are gathered in lots, small and large, often from remote sections of these several countries, and although the trade has been endeavoring to grade such hats under various names, it often happens when these hats are examined by the appraiser he often makes serious changes in grade, often advancing the invoice value and thereby penalizing the innocent importer who has been helpless because of there being no fixed "market value" to assign to his goods.

The exporters of Panama hats from South America do not know at the time of exportation what prices they will bring at wholesale in New York, nor does the importer know the quality of the hats imported without being allowed to inspect the same, and for that reason many of these hats are shipped to this country on consignment, and invoices are made out to the best of the shippers' knowledge and belief.

Panama hats are made by the native Indians of Colombia, Ecuador, and Peru. The palm leaf, stripped and prepared for weaving is sold in the small towns and cities to the natives who take the material back to their houses in the country and mountains, miles away, where all the members of the family engage in the weaving of hats. It is but natural that a child of 10 will not weave as good a hat from the same material as a person of 30 years who has had long experience and as a result the one or two dozen hats woven by a family comprise many different qualities. These are purchased from time to time by a buyer, who travels through the country picking up the hats, a dozen here, 20 there, and perhaps 50 farther on, until he has all that he can carry when he returns to his principal in the town. After a number of trips the entire quantity of hats are graded and baled for shipment.

As the buyer pays different prices to different families, and as those prices vary according to demand, season, quality, and quantity, it is impossible to fix a market price; the only thing that can be said is that 500 dozen hats collected have cost the shipper \$1,000, but when he comes to grade the same, 50 dozen of the hats may be of such quality that the shipper regards them worth \$20 per dozen, while one dozen may be worth \$100, and the other 449 dozen only worth \$2 per dozen, so that in baling and shipping the hats the legal "market value" is impossible to be arrived at, and to attempt to say what has been paid for any particular bale would be equally impossible.

It is because of these existing conditions that we seek to have a specific duty placed upon Panama hats, especially those imported from Colombia, Ecuador, and Peru.

There are no "Panama hats" exported from any other country, and none of these hats are made "under water."

That is a legend only.

During the past two years many invoices have been detained, long examinations have resulted, and the importers have spent a large amount of money in the effort to establish a market value under the law, only to finally ascertain that there are hardly two persons in any of the ports of shipment who will agree as to the value of particular hats.

The average duty compiled from the figures taken from the records of the importers during the past year equals 40 cents per hat, and the value of the hats runs from \$10 up to \$24 per dozen. This covers the average importations of the commercial hats sold to jobbers.

There are no imports who make a specialty of bringing in hats of high values, as the market is limited, and the vast bulk of hats imported run from \$12 to \$14 per dozen. European countries impose a specific duty of a few cents per hat upon similar goods, regardless of value; while other countries impose a duty by weight regardless of the quality of value of the hat.

After long consultation in the trade and examination of the official records, we believe an equitable rate of duty, not to exceed 40 cents per hat, would increase the revenue of the United States, by encouraging the importations of such hats.

PARAGRAPH 422—STRAW HATS, ETC.

This would equal a duty of 35 per cent, which is the present rate, and would greatly benefit the import trade by simplifying matters and would do away with the expense and delay now resulting from uncertainty of valuation.

Importations at present are, in general, warehoused to await the results of the appraiser's report, and often times penalties are forced upon the trade in spite of their most earnest endeavor to fully comply with the law.

We therefore would request a specific duty on all woven Panama hats imported from Colombia, Ecuador, and Peru, on the basis of 40 cents each on all hats valued at \$6 and not more than \$30 per dozen; 75 cents each on all hats valued above \$30 and not over \$60 per dozen; and \$2 each on all hats exceeding \$60 per dozen.

We annex hereto the records of two of the largest importers covering the season of 1912, which confirm our statement that a duty of 40 cents a hat would be equitable to the trade, and certainly satisfactory to the Government. (Exhibit A.)

The Panama woven hats in demand in the United States to-day are those valued at from \$6 to \$60 per dozen, and that retail from \$3 to \$5 each after having been bleached, blocked, and trimmed in this country, and these constitute practically seven-eighths of all the importations.

Finally, it is respectfully submitted that paragraph 422 be amended to read as follows:

422. "Braids, plaits, laces, and willow sheets or squares, composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, real horsehair, Cuba bark, or Manila hemp, suitable for making or ornamenting hats, bonnets, or hoods, not bleached, dyed, colored or stained, fifteen per centum ad valorem; if bleached, dyed, colored or stained, twenty per centum ad valorem; hats, bonnets, and hoods when imported from Colombia, Ecuador, or Peru, and composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, Cuba bark, or Manila hemp, whether wholly or partly manufactured, but not trimmed, if valued at less than \$6 per dozen, thirty-five per centum ad valorem; if trimmed, fifty per centum ad valorem; if valued at \$6 per dozen and not more than \$30 per dozen, 40 cents each; if valued at above \$30 per dozen, and not more than \$60 per dozen, 75 cents each; if valued at more than \$60 per dozen, \$2 each; but the terms "grass" and "straw" shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof."

Should it be found desirable, however, to make the classification more general, the following is suggested.

422. "Braids, plaits, laces, and willow sheets or squares, composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, real horsehair, Cuba bark, or manila hemp, suitable for making or ornamenting hats, bonnets, or hoods, not bleached, dyed, colored, or stained, fifteen per centum ad valorem; if bleached, dyed, colored, or stained, twenty per centum ad valorem; hats, bonnets, and hoods, composed wholly or in chief value of straw, chip, grass, palm leaf, willow, osier, rattan, Cuba bark, or manila hemp, whether wholly or partly manufactured, but not trimmed, if valued at less than \$6 per dozen, thirty-five per centum ad valorem; if trimmed, fifty per centum ad valorem; if valued at \$6 per dozen and not more than \$30 per dozen, forty cents each; if valued at more than \$30 per dozen and not more than \$60 per dozen, seventy-five cents each; if valued at more than \$60 per dozen, \$2 each. But the terms 'grass' and 'straw' shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof."

If desired that the question of straw hats be made a separate one, the present paragraph 422 could remain as it is, with a supplemental clause as follows:

"Untrimmed straw hats, known as Panamas, made from straw, chip, grass, or palm leaf and valued at less than \$6 per dozen, thirty-five per centum ad valorem; if valued at \$6 per dozen and not more than \$30 per dozen, forty cents each; if valued at more than \$30 per dozen and not more than \$60 per dozen, seventy-five cents each; if valued at more than \$60 per dozen, \$2 each."

All of which is respectfully submitted.

POTTBERG, EBELING & Co.
M. CASTILLO & Co.
A. HELD.
SCHUTTE, BUNNEMANN & Co.
MECKE & Co.
CALHOUN & Co.
J. H. MENENDEZ & Co.
LUSTIG BROS.

(By Francis E. Hamilton, counsel, 32 Broadway, New York, N. Y.)

Dated, New York, N. Y., January 27, 1913.

PARAGRAPH 422—STRAW HATS, ETC.

EXHIBIT A.

List of duties paid on Panama hats during 1912.

Number of cases.	Steamer.	Arrived.	When paid.	Invoice.	Number of dozen.	Amount of duty.
4	Albingia.....	Jan. 18, 1912	Jan. 23, 1912	\$2, 678.00	200	\$937.30
2	Trent.....	do.....	Jan. 30, 1912	1, 620.00	100	567.00
3	do.....	do.....	Feb. 20, 1912	2, 510.00	200	878.50
2	Albingia.....	Feb. 6, 1912	Feb. 29, 1912	1, 549.00	100	542.15
4	Bella.....	Feb. 27, 1912	Mar. 11, 1912	2, 417.00	200	845.95
2	do.....	do.....	Mar. 13, 1912	1, 738.00	100	608.30
2	Albingia.....	Mar. 5, 1912	Mar. 22, 1912	1, 687.00	100	590.45
2	Altai.....	Mar. 12, 1912	Mar. 30, 1912	1, 775.00	100	621.25
2	Con di Gior.....	Mar. 26, 1912	Apr. 3, 1912	1, 694.00	100	592.90
2	Thames.....	Mar. 28, 1912	Apr. 5, 1912	1, 177.00	100	411.95
2	Allemania.....	Jan. 24, 1912	Apr. 12, 1912	1, 335.00	100	467.25
2	Albingia.....	Jan. 4, 1912	do.....	1, 482.00	100	518.70
2	Thames.....	Mar. 28, 1912	do.....	1, 179.00	100	412.65
2	Con di Gior.....	Mar. 26, 1912	Apr. 11, 1912	1, 775.00	100	621.25
2	Albingia.....	Mar. 5, 1912	Apr. 16, 1912	1, 243.00	100	435.05
2	Allemania.....	Apr. 15, 1912	Apr. 23, 1912	1, 704.00	100	617.40
2	Altai.....	Apr. 9, 1912	Apr. 25, 1912	1, 200.00	100	420.00
1	Allemania.....	Apr. 15, 1912	Apr. 30, 1912	888.00	50	310.80
1	do.....	do.....	May 6, 1912	888.00	50	310.80
4	Albingia.....	Apr. 29, 1912	May 7, 1912	3, 004.00	200	1, 051.40
1	Altai.....	Apr. 9, 1912	May 15, 1912	688.00	50	240.80
3	Allemania.....	Mar. 18, 1912	May 17, 1912	2, 182.00	150	763.70
1	Altai.....	Apr. 9, 1912	do.....	688.00	50	240.80
2	Allemania.....	May 14, 1912	May 23, 1912	2, 106.00	100	737.10
2	Allegheny.....	Jan. 30, 1912	May 25, 1912	1, 076.00	100	376.60
2	Westerwald.....	May 20, 1912	May 29, 1912	1, 342.00	100	469.70
2	Altai.....	May 6, 1912	do.....	1, 083.00	100	694.05
2	Westerwald.....	May 20, 1912	May 31, 1912	1, 929.00	100	675.15
2	Allemania.....	Feb. 19, 1912	June 3, 1912	1, 871.00	110	654.85
1	do.....	Apr. 15, 1912	June 13, 1912	696.00	50	243.60
2	Altai.....	Apr. 9, 1912	June 18, 1912	1, 212.00	100	424.20
1	Albingia.....	Mar. 18, 1912	July 9, 1912	604.00	50	211.40
4	Allegheny.....	Jan. 30, 1912	July 9, 1912	2, 670.00	200	934.55
2	Zacapa.....	May 24, 1912	July 10, 1912	1, 896.00	100	668.60
1	Altai.....	June 4, 1912	July 15, 1912	1, 005.00	50	351.75
1	Zacapa.....	June 20, 1912	do.....	851.00	50	297.85
1	do.....	do.....	July 16, 1912	851.00	50	297.85
2	Albingia.....	Aug. 19, 1912	Sept. 11, 1912	1, 293.00	100	449.05
2	Metapan.....	July 12, 1912	Aug. 16, 1912	1, 428.00	100	499.80
6	Allemania.....	Aug. 6, 1912	do.....	4, 956.00	300	1, 734.60
2	Westerwald.....	July 15, 1912	Aug. 19, 1912	1, 482.00	100	513.70
3	Allemania.....	June 13, 1912	do.....	1, 980.00	150	693.00
2	Thames.....	Aug. 28, 1912	Sept. 9, 1912	1, 324.00	100	463.40
2	Clyde.....	July 17, 1912	Sept. 7, 1912	1, 221.00	100	427.35
4	Westerwald.....	June 17, 1912	Aug. 23, 1912	2, 708.00	200	947.80
2	do.....	July 15, 1912	do.....	1, 697.00	100	593.95
2	Zacapa.....	May 24, 1912	Aug. 20, 1912	1, 553.00	100	543.55
2	Allegheny.....	Jan. 30, 1912	Aug. 19, 1912	1, 380.00	100	483.00
2	Allemania.....	Sept. 3, 1912	Sept. 26, 1912	1, 352.00	100	473.20
2	Metapan.....	Sept. 6, 1912	Oct. 3, 1912	1, 551.00	100	542.85
2	Magdalena.....	Sept. 25, 1912	Oct. 18, 1912	1, 422.00	100	497.70
2	Allemania.....	Sept. 3, 1912	Oct. 22, 1912	1, 345.00	100	471.80
2	Zacapa.....	Oct. 11, 1912	do.....	1, 767.00	100	618.45
2	Albingia.....	June 24, 1912	Oct. 23, 1912	2, 059.00	100	720.65
6	Zacapa.....	Oct. 11, 1912	Oct. 23, 1912	5, 302.00	300	1, 855.70
2	Westerwald.....	Oct. 15, 1912	Oct. 31, 1912	1, 403.00	100	491.05
2	Allemania.....	Oct. 7, 1912	do.....	1, 502.00	100	525.70
2	Zacapa.....	Oct. 11, 1912	Nov. 9, 1912	1, 767.00	100	618.45
4	Westerwald.....	Oct. 15, 1912	Nov. 4, 1912	2, 296.00	200	803.60
3	do.....	do.....	Nov. 7, 1912	2, 153.00	150	753.55
4	Altai.....	do.....	do.....	3, 143.00	200	1, 100.05
1	Albingia.....	July 22, 1912	Nov. 12, 1912	973.00	50	340.55
2	Zacapa.....	Oct. 11, 1912	Nov. 11, 1912	1, 631.00	100	570.85
3	Allemania.....	Oct. 7, 1912	Nov. 13, 1912	1, 790.00	100	626.50
3	do.....	Apr. 15, 1912	Nov. 19, 1912	2, 088.00	150	730.80
1	Albingia.....	Apr. 29, 1912	Nov. 15, 1912	696.00	50	243.60
1	do.....	Sept. 16, 1912	Nov. 18, 1912	754.00	50	263.90
2	Allemania.....	Oct. 7, 1912	Nov. 20, 1912	1, 377.00	100	481.95
2	Westerwald.....	June 17, 1912	do.....	1, 414.00	100	494.90
2	Albingia.....	Nov. 18, 1912	Nov. 23, 1912	1, 919.00	100	671.65
1	do.....	Apr. 29, 1912	Nov. 26, 1912	696.00	50	243.60
2	Altai.....	Sept. 24, 1912	do.....	1, 801.00	100	665.35
2	do.....	Oct. 28, 1912	do.....	1, 773.00	114	620.55
2	Oruba.....	Oct. 25, 1912	do.....	1, 513.00	120	529.55
4	Westerwald.....	Oct. 14, 1912	Nov. 27, 1912	2, 291.00	200	801.85
2	do.....	May 20, 1912	Nov. 30, 1912	1, 436.00	100	502.60
2	Santa Marta.....	Sept. 27, 1912	do.....	1, 670.00	100	584.60

PARAGRAPH 422—STRAW HATS, ETC.

List of duties paid on Panama hats during 1912—Continued.

Number of cases.	Steamer.	Arrived.	When paid.	Invoice.	Number of dozen.	Amount of duty.
2	Almirante.....	June 27, 1912	Dec. 5, 1912	\$1,545.00	100	\$540.75
1	Santa Marta.....	Nov. 22, 1912	Dec. 9, 1912	794.00	50	277.90
2	Zacapa.....	June 20, 1912	Dec. 7, 1912	1,461.00	100	511.35
1	Albincia.....	Apr. 29, 1912	do.....	888.00	50	310.80
2	Allemania.....	Apr. 15, 1912	Dec. 12, 1912	1,392.00	100	487.20
2	do.....	Dec. 2, 1912	do.....	1,519.00	100	531.65
2	Albincia.....	Nov. 18, 1912	Dec. 16, 1912	1,653.00	100	578.55
2	Magdalena.....	Dec. 5, 1912	Dec. 17, 1912	1,875.00	100	656.25
1	Albincia.....	Apr. 29, 1912	Dec. 16, 1912	888.00	50	310.80
1	Trent.....	Nov. 20, 1912	Dec. 18, 1912	927.00	50	324.25
2	Santa Marta.....	Aug. 30, 1912	do.....	1,187.00	100	415.45
1	do.....	Sept. 27, 1912	Dec. 23, 1912	652.00	50	228.20
1	Altai.....	Apr. 9, 1912	Dec. 28, 1912	756.00	50	264.60
4	Santa Marta.....	.....	Dec. 16, 1912	3,324.00	200	1,163.40
					10,800	51,939.60

On 10,800 dozen, we paid \$51,939.60 duty, or \$4.81 duty paid on each dozen hats. Equal to 40 cents per hat.

Figures of another importer, Apr. 10, 1912, to Dec. 2, 1912.

Date.	Number of cases.	Value.	Date.	Number of cases.	Value.
Apr. 10, 1912	4	\$2,212	Aug. 5, 1912	4	\$2,541
Apr. 11, 1912	4	2,444	Aug. 12, 1912	2	1,241
Apr. 25, 1912	4	2,403	Aug. 12, 1912	2	1,652
May 10, 1912	4	2,384	Aug. 20, 1912	2	1,284
May 21, 1912	4	2,633	Sept. 3, 1912	2	1,332
May 28, 1912	4	2,522	Sept. 3, 1912	2	1,364
May 21, 1912	4	2,462	Sept. 3, 1912	4	2,768
May 28, 1912	4	2,542	Oct. 15, 1912	4	2,648
June 4, 1912	4	2,411	Nov. 6, 1912	2	1,351
June 6, 1912	4	2,413	Nov. 6, 1912	2	1,351
June 13, 1912	4	2,517	Nov. 18, 1912	2	1,354
June 13, 1912	4	2,319	Nov. 18, 1912	2	1,354
June 18, 1912	4	2,442	Nov. 26, 1912	2	1,416
June 19, 1912	2	1,079	Nov. 26, 1912	2	1,445
June 25, 1912	4	2,578	Dec. 2, 1912	2	1,370
July 2, 1912	2	1,384	Dec. 2, 1912	2	1,388
July 5, 1912	2	1,178		162	137,923
				100	63,782

¹ Brought forward.

One hundred cases, containing 50 dozen each, equal to 5,000 dozen. Declared value on 5,000 dozen of straw hats, \$63,782, or an average of \$12.756 each dozen.

This, at 35 per cent, makes a duty payment of \$4.464 per dozen, or, in other words, 40 cents per hat.

MEMORIAL OF THE ITALIAN CHAMBER OF COMMERCE, NEW YORK, N. Y., RE STRAW BRAIDS, ETC.

Hon. O. W. UNDERWOOD,

Chairman of the Ways and Means Committee, Washington, D. C.

SIR: The Italian Chamber of Commerce in New York desires to submit to the earnest consideration of this honorable committee the following recommendations relating to the advisability of reducing the fiscal burden on certain articles hereunto stated, both in the interest of the consumer and of revenue, without prejudice to domestic industry.

Braids, plaits, etc., for making or ornamenting hats, bonnets, hoods, etc.—Under this heading, covered by paragraph 422 of the present tariff, are materials necessary in the

PARAGRAPH 422—STRAW HATS, ETC.

manufacture of hats, not produced in this country, which should be considered practically as a raw material.

The duty should be so framed as to encourage the use of this semiraw material, increase the production and consumption of the finished article, lower its cost, and at the same time promote revenue.

The scope of paragraph 422, in so far as relating to braids, plaits, and similar materials necessary to the manufacture of hats, was at the last tariff revision extended to include specifically a greater number than formerly of the materials of which braids, plaits, etc., are made, and also to apply to materials in chief value, instead of only wholly of straw, chip, grass, palm leaf, willow, osier, rattan, real horsehair, Cuba bark or manila hemp.

While this has been an improvement justified by necessities of trade, the same motives advise the further extending of the purport of said paragraph to include other materials which by reason of fashion have come to be used in the manufacture of braids, plaits, etc. Among these is ramie, which is now assessed a duty of 60 per cent, while it should be assimilated to the above-stated materials when manufactured into the same article, thus avoiding the present discrimination, encouraging the use of suitable materials in the manufacture of the commodity in question, and giving the consumer the benefit of a greater variety, greater novelty, and better quality of the ultimate article.

It seems also to this chamber that the present discrimination in the manner of assessing duty between natural and bleached, dyed, colored, and stained braids, plaits, etc., is not justified, when it is considered that the latter are not produced in this country.

The dyeing is done mostly by the hat manufacturer himself according to the requirements of fashion, and the domestic industry is not equal from a technical standpoint and is, further, limited to one or two firms.

The difficulty experienced in dyeing these materials is such that often they have to be shipped to distant countries from those of production, where special efficiency has been attained, in order to get them in the condition essential to the manufacture of the ultimate article.

The difference in price between natural and dyed braids is often so small that it should not be made the motive for a higher rate, and this chamber is of the opinion that it would be wise to assess the duty on braids, plaits, etc., at a uniform rate, irrespective of whether natural or dyed, etc., as the color does not intrinsically affect the value of the article.

In establishing the rate this chamber respectfully recommends, in view of the increasing use of such material—from \$3,983,033 in 1907 to \$4,597,409 in 1911—that a uniform rate of 10 per cent be levied.

The increasing importations would certainly offset the effects of the reduction of the rate on revenue, while the reduction would enable the hat manufacturers to give to the consumer the benefit of a lower cost of the ultimate article.

Straw hats, bonnets, etc., are not a luxury, but a commodity of universal use, and it is reasonably expected that the present tariff revision will bring relief by lightening as much as possible the duties on materials, such as the one in question, indispensable to the manufacture of an article of such primary necessity.

By encouraging the importation of this semiraw material and the consumption of the articles manufactured therefrom, American labor is also benefited.

Leather gloves.—Gloves are certainly not a luxury, although they might appear such on the face of present selling prices, owing to the practical exclusion of a certain class of gloves from acceding our markets, due to the prohibitive rates of duty.

Such is the case, for instance, of men's gloves, the consumption of which is almost entirely supplied by domestic manufacture, which enjoys the privilege of a protective duty, ranging from 100 to 150 per cent.

In fact, while the American manufacturer produces about \$17,000,000 worth of gloves (almost entirely men's gloves), the share represented by imported men's gloves in the consumption did not exceed in fiscal year 1911 \$718,000 out of a total of \$7,775,436.

It will thus be seen that the possibilities left to the foreign supply of this article are confined to women's and children's gloves, the rates on which, while not so high as on men's, are nevertheless high enough to afford every possible protection to domestic production, were such possible to a greater extent, which can not be the case, owing to the scarce domestic production of the lamb, kid, and goat skins suitable to the manufacture of this class of gloves.

That gloves are not a luxury but a necessary article of wearing apparel is, under our conditions of climate, living, and customs, a recognized fact.

PARAGRAPH 422—STRAW HATS, ETC.

The present tariff on gloves, framed with the express intent to reserve the home market to domestic production by duties excluding all possible competition from the imported article, exorbitant as it is, is rendered even more prohibitive owing to its objectionable feature of cumulative duties.

In fact, while paragraphs 454, 455, 456, 457, and 458 provide specific duties according to the description, quality, and size of the gloves, high enough for all purposes of revenue and protection, paragraph 459 assesses on them additional duties, a further burden, which should be eliminated from the tariff, and thus avoid the litigation of which the assessment of said cumulative duties has often been the cause to the discouragement of importations and consequent loss to business.

Another objectionable feature of the present duties on gloves is the inequitable nondistinction between women's and children's gloves, both assessed at the same rates, while it is well known that the cost of children's gloves is from 10 to 20 per cent less, on account of the less material and less labor required in their manufacture. Means should be devised whereby it should be possible to establish duties on children's and women's gloves, respectively, more proportionate and logical with their cost.

While this chamber recommends that the system of levying specific duties on gloves be continued, as the one that gives the most satisfactory results to all concerned, it can not overlook the fact that if the present tariff revision is aimed at reducing the cost of living and lessening the discomforts of the increased cost of an article as gloves of almost universal use, the glove schedule, which contains some of the highest rates of the tariff, especially on men's gloves, which are from 25 to 30 per cent higher than on women's and children's, and which have not proved responsive in raising revenue, is entitled to a revision in a downward direction.

Works of art.—The last revision of the tariff accomplished some results in lightening the burden which this country maintains on works of art by exempting such of them as proven not less than 20 years old.

Remarkable as this achievement was on the face of the unheeded recommendations which had repeatedly been addressed to Congress for the repeal of the duties on works of art it is, however, far from satisfactory, as it means that the American public will have to wait 20 years before it can secure the advantages of a modern work of art which it might be deemed advisable to introduce in this country for the benefit of the artistic education of our people.

The maintaining of a tariff on works of art, from which but a small revenue (\$1,591,167 in 1911) is, after all, secured, is one of the regrettable features of our fiscal legislation, indifferent to the great educational influence which works of art exert on the people.

In this country, where an already admirable educational system needs the integration of cultivating the artistic tendencies of a cosmopolitan population, the encouragement and development of the study of fine arts and of their application to manufacture should be stimulated to a greater extent.

Most all the civilized countries admit works of art free of duty, recognizing the beneficial effect of this production on both the educational standard of the people as well as the industrial progress of the countries, and this country should follow an example which has already been characterized by satisfactory and encouraging results. The popularization of works of art is a form of education of high value in which the United States should not remain behind other nations who have succeeding in attaining from the artistic standpoint greater results, often notwithstanding the less versatile and artistically inclined nature of their races.

Works of art, provided they are the original productions of artists, should be allowed to come in free and spread their beneficial influence upon the masses.

While works of art which are the production of American artists are already admitted free of duty, we should not make discrimination in matters of this kind which is inconsistent with the universal purport of art.

This chamber, therefore, respectfully recommends that works of art be exempted from duty; but should exigencies of revenue make this impossible this chamber recommends in a subordinate line that—

(a) No duty be charged on breakages which practically destroy the value of the work.

(b) That the market value of a work of art on which duty is assessed be the price actually paid to seller at place of origin and not the value placed on such work by dealers, which price often includes profit and other charges, as freight, storage, etc.

Respectfully submitted.

ITALIAN CHAMBER OF COMMERCE IN NEW YORK,
LUIGI SOLARI, *President*,
G. R. SCHROEDER, *Secretary*.

PARAGRAPH 423—BRUSHES.

BRIEF OF THE BRAID MANUFACTURERS' ASSOCIATION OF THE UNITED STATES OF AMERICA.

NEW YORK, N. Y., *January 13, 1913.*

In relation to Schedule N, sundries, paragraphs 421, 422, and 426.

Paragraph 421.—We ask that this paragraph remain unchanged, as the goods covered thereby are luxuries. The rate imposed on same of 60 per cent ad valorem is the highest revenue rate, as well as barely sufficient to enable the domestic manufacturer to compete.

Paragraph 422.—We request that braids of manila hemp, also hats, bonnets, and hoods of manila hemp, be eliminated from this paragraph.

Under the Dingley tariff law of 1897 braid made of hemp was subject to a duty of 60 per cent ad valorem under paragraph 339, covering braids made of flax, cotton, or other vegetable fiber.

Under the present Payne tariff law of 1909 the rate on braid made of manila hemp was reduced under paragraph 422 to 15 per cent ad valorem. Hemp yarn enters free of duty only when imported direct from the Philippine Islands, but is subjected to a duty of 40 per cent ad valorem if imported from any other country. In the latter case, therefore, the rate of duty on the raw material (hemp yarn) is actually higher than on the manufactured article (hemp braid).

Hemp braid could be made in this country if the duty on same was 60 per cent, the same as on similar braids made of other vegetable fibers, but at the present time this braid is made in Japan at exceedingly low prices, and at a duty of 15 per cent can be imported so cheap that it takes the place of many other braids, such as cotton braids, etc., which otherwise could be manufactured in this country from material raised here.

We therefore ask that these hemp braids be stricken from paragraph 422, in which case they would be assessed at the same rate of duty as provided for similar braid made of vegetable fibers by paragraph 349, where they properly belong.

Paragraph 426 (covering button forms).—We ask that this paragraph be stricken out, as it allows to come in at a low rate of 10 per cent ad valorem manufactured materials similar to other materials which are assessed at a very much higher rate of duty. By striking out this paragraph these goods would pay a higher rate of duty, which would mean additional revenue for the Government.

In the event that your committee should not desire to strike out this paragraph we urgently request that in that event it should be in no way broadened.

Respectfully submitted.

- THE BRAID MANUFACTURERS' ASSOCIATION
OF UNITED STATES OF AMERICA.
Per ALBERT S. WAITZFELDER.
HENRY W. SCHLOSS,
Committee.

PARAGRAPH 423.

Brushes, brooms, and feather dusters of all kinds, and hair pencils in quills or otherwise, forty per centum ad valorem.

BRUSHES.

TESTIMONY OF COL. JOSEPH C. BONNER, OF THE AMES-BONNER CO., OF TOLEDO, OHIO.

The witness was duly sworn by Mr. Harrison.

Mr. HARRISON. You may proceed, Mr. Bonner.

Mr. BONNER. I come to you, Mr. Chairman, and gentlemen of the committee, as president of the Ames-Bonner Co., manufacturers of brushes, of Toledo, Ohio, to present the brief of our company on Schedule N—brushes.

Mr. PALMER. What is the number of the paragraph?

Mr. BONNER. Paragraph 423.

PARAGRAPH 423—BRUSHES.

I have not any prepared talk, because I had expected another active officer of our company to be here to address you; hence I will simply and as directly as possible state the case. There are manufacturers in our particular line in Massachusetts, Connecticut, New York, Virginia, Pennsylvania, Ohio, Illinois, Missouri, and Michigan.

I notice action on the part of numerous witnesses in presenting themselves oftentimes to make some kindly reference to the personnel of the committee, and I do not want to be amiss in that respect in passing a small compliment. I observe that in your toilets, gentlemen, you are all well groomed, and I take it, it may not be other than because you are brushing your hair and using other toilet brushes that are supplied to you in the next room; but I find on investigation, taking advantage of a privilege granted me, and with a feeling of hurt, that those brushes were made in France. I also noticed in visiting Senator Burton of our State, who privileged me an examination of his rooms in the Senate Office Building, that they were made in Japan.

If I may ask one privilege of you, it will be this: That upon returning to your homes or your hotels, you look at the toilet brushes on your dressers, and I think I am safe in saying that you will find the brushes were made either in Japan or in France or in England or in Germany; also that the household brushes will have indicating markings that they were made in prisons of this or other countries.

I come before you under circumstances, I think, in a relation perhaps different from other industries coming here, because brushes, while used in every family, for every conceivable purpose, and used as tools for decorating both the inside and outside of every building and for all purposes, are to a very great extent made abroad; and if cleanliness is next to godliness, I really think the American people should be privileged to brush their hair with domestic hair brushes and to use such brush tools when decorating as are made by American workmen.

Mr. HULL. There are not enough brushes produced in this country to supply the demand, are there?

Mr. BONNER. My dear man, we could supply any of the very best brushes to the extent required by this country and other countries, if we had the opportunity, commercial conditions being equal—and those brushes would be of the very best quality, too. I refer particularly to toilet hair brushes, 60 to 75 per cent of which are now imported.

Mr. RAINEY. What is the amount of production in this country of your brushes?

Mr. BONNER. Something like \$14,027,000, according to the statistics.

Mr. RAINEY. What is the amount of the imports?

Mr. BONNER. \$2,026,000, I think.

Mr. RAINEY. I think you have it about right. That would be seven times as much as we import.

Mr. BONNER. Yes. That would state it properly if the \$14,027,000 were all toilet brushes instead of \$3,500,000, approximately, which latter amount covers every dollar of toilet brushes made annually in the United States. It is because of this burden of imports to toilet-

PARAGRAPH 423—BRUSHES.

brush production that we come before you now and ask that the present rate of 40 per cent—that that rate not only be maintained, but that we be granted an additional rate, to make it 50 per cent ad valorem.

I appreciate that that is a very unusual request, and if we can not make good the equity of our plea we have rightly no place here, because we recognize that this Congress was elected expressly for the purpose of establishing a tariff for revenue. We ask in this plan that you are working out that you give us that equitable relation, that you will give us a fair deal, so that the toilet-brush importations will not be as they are now, abnormal. I will undertake to show you very briefly where they are abnormal.

Mr. RAINEY. Do you think that an importation of one-seventh of the amount that is produced is abnormal?

Mr. BONNER. I think I shall be able to show from the Government's statistics that notwithstanding there are approximately 400 brush manufacturers in this country, there are not 50 toilet-brush factories.

Mr. RAINEY. What do you want the imports to be?

Mr. BONNER. I was going to say—I am referring now to the production rather than to the number of factories, and that calls for an explanation. While, of course, there are no definite statistics showing who manufactures the \$14,000,000 worth of brushes, they are largely made in factories that do not come within the pale of the factories that have to stand the burden of this importation. They are the factories that produce mill brushes or brushes for special uses. There are not 50 factories that are in the class that can produce the goods that I have referred to as toilet-brush factories. The latter special shops are in every town, and you can readily see that they make up the statistics of the gross amount of brushes manufactured. I am supported in this statement by others in the toilet and painters' business who know in a general way the capacity of the different factories, and that is that there is not to exceed approximately \$7,000,000 worth of this \$14,000,000 which comes under the class which you mention—that is, toilet and painters.

Mr. RAINEY. What about the imports? What kind of goods come in?

Mr. BONNER. The imports will come within the class that I mentioned—toilet and paint or artists'—because special machine brushes are made in endless variety and value and for every conceivable industrial and mechanical use. We may have a special machine, and we ask a certain man to make a certain brush for it. We can not get that brush abroad; we do not pay the commercial market price. Factory or mill brushes are limitless as to character. They even include street-sweeper brushes in this class of manufactures.

I want to call attention to the imports from countries where the increase is shown, and there is a tremendous increase. I doubt if there are many industries where the proportion of increase is so great. Since we had the last hearings, in 1908, the increased importation of brushes has been 269 per cent and the imports from that date back to the enactment of the McKinley law for something like 206 per cent. The abnormal increase in the toilet and artist brushes is from

PARAGRAPH 423—BRUSHES.

Japan. The increase of imports from Japan since the McKinley law went into effect has been 3,856 per cent.

Mr. PALMER. Your desire is to have us write a rate which will reduce the importations of the kind of brushes that compete with the American manufacturer?

Mr. BONNER. No, sir; I do not believe that 50 per cent will reduce the importations \$1.

Mr. PALMER. Then why do you want 50 per cent?

Mr. BONNER. To prevent us from being annihilated.

Mr. PALMER. Do you mean to say the imports will continue to be as much as they are now?

Mr. BONNER. Yes. I know you have the Treasury statistics before you. I had the privilege of administering the customs myself for some nine years, and in that way I happen to know and have some idea of the statistics and how they are compiled. You will see that the Japanese imports are increasing year by year abnormally, and we are prevented year by year from making the class of goods that are generally sold in this market, because of the Japanese importations. I am sure a 50 per cent rate will not curtail such shipments here at once.

Mr. DIXON. What is the largest class of goods imported?

Mr. BONNER. Well, there are hardly any toothbrushes manufactured in this country; there are only some special goods made under patents and special designs.

Mr. DIXON. How about hair brushes?

Mr. BONNER. I should say that 60 to 75 per cent of the hair brushes and that class of brushes used in this country are imported. You can not go into a retail store or a wholesale store but what you will find that the dominating toilet brushes are imported.

Mr. DIXON. I notice that you made an examination of the brushes used in the committee rooms. What class are those?

Mr. BONNER. The hair and the hand brushes were made in France. The one that I saw in the Senate Office Building was made in Japan.

Mr. DIXON. Then the brushes that are used in the House Office Building are all imported brushes?

Mr. BONNER. So far as I know, sir. I know they are in the Ways and Means Committee room.

Mr. DIXON. They are the same brushes that were used here under the Republican administration.

Mr. BONNER. Yes, sir; I called attention to the fact at that time that we ought to have a change in the tariff rate because we are not able to hold our own in a competitive way.

We are not asking for protection in this change. Your chairman was not here when I made the request which I said at the time was unusual. I understand that the party in power was on the basis of a tariff for revenue. We feel, and in fact we know, that we are entitled to 50 per cent as against 40 per cent as an equitable arrangement and as a basis of tariff for revenue.

Mr. HULL. How could you make out if you had free bristles?

Mr. BONNER. I really believe that the foreign bristles would be no cheaper if free. The reason for that is that the specific rate is only 7½ cents a pound and we would never find it in the price duty free.

PARAGRAPH 423—BRUSHES.

Being in sympathy with this tariff-making body, and speaking for our own factory, we feel that in deriving the revenue to which the Government is entitled the brush industry should pay its proportion on its raw materials. Right in that connection let me say that there are some twenty-odd items used in the manufacture of our toilet brushes on which we pay a duty.

We pay a duty on bristles, fibers, quills, and varnish; we pay a duty on some kinds of lumber; we pay a duty on strawboard; we pay a duty on wire; and a duty on sandpaper. We are contributors, notwithstanding the fact that the Japanese brushes are coming in here. As I said a moment ago, the increase in importations from Japan has been abnormal, having been 3,856 per cent since the McKinley law went into effect.

Mr. PALMER. The total imports were less in 1912 than they were in 1911.

Mr. BONNER. By just a few thousand dollars.

Mr. PALMER. Well, by \$75,000.

Mr. BONNER. As I understand it, the imports generally fell off a little bit that year. Trade conditions changed somewhat. There has been on the market within the last year or two—or there was two years ago—a class of brush goods called Parisian ivory. It was sort of a fashion or fad. Everybody all over the country wanted this Parisian ivory. This last year there has not been so much of a demand for it, and that accounts for the difference in brush imports for 1912.

The CHAIRMAN. Your time has expired, Mr. Bonner.

Mr. BONNER. I thank you. I will now file for record, with my foregoing statement, the brief of my company, The Ames-Bonner Co.

The brief submitted by The Ames-Bonner Co. follows:

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, House of Representatives.

SIR: The present duty on brushes is ad valorem—40 per cent.

Recognizing the attitude of the present Congress in relation to a tariff for protection and, therefore, appreciating the highly responsible position of your honorable committee, we, as manufacturers of toilet brushes, the very life of whose business depends upon governmental assistance in combating the inroads of foreign competition, frankly say to you that we are not seeking for protection in the sense that protection means the prohibition of foreign-made brushes.

We have never had such protection in the past, even under administrations that professed to make the protection of infant American industries their chief consideration, because nothing under 70 per cent ad valorem could possibly serve to keep out of this country the brush products of the labor of Europe and Asia, and the highest ever given us has been 40 per cent.

We are merely petitioning your committee that we be accorded the justice of having our industry pay only its fair proportion of the revenue required to satisfactorily conduct the Government.

In 1890 the importation of brushes amounted to \$767,128.

In 1900 the sum had grown to \$977,513.

The next decade (1910) brought the total to \$1,732,200.

In 1911 there was a great increase, the figures being \$2,241,066.

The year 1912, however, marked a slight decrease from the year previous—\$2,067,149.

These importations were almost entirely confined to what are known as toilet brushes; that is, hair, cloth, nail, and tooth brushes.

Toilet brushes are not exported to any material extent, and under present conditions could not be sold even in this country in competition with the brushes made by the cheap foreign labor were it not for the convenience accorded American purchasers.

The domestic goods may, fortunately for the domestic makers, be had in small quantities with immediate delivery, a very great advantage in these days when the

PARAGRAPH 423—BRUSHES.

tendency is to place the burden of stock carrying upon the manufacturer. This fact is a strong argument with American salesmen in their efforts to sell buyers of foreign-made brushes, and is successful with small and medium sized buyers.

But the large jobbers, the great retail stores and other buyers who are able to adequately anticipate their wants in toilet brushes, almost invariably buy abroad, because, as they tell us, they buy cheaper.

The following is an illuminating instance:

A number of years ago the Ames-Bonner Co. designed a long, narrow hairbrush. It was originally intended for curling children's hair. Eventually, however, it became widely used by barbers and hairdressers. The result is that to-day exact duplicates are being made in Germany, France, and Japan for American dealers who are able to order this particular brush in comparatively large quantities. They buy it abroad for less money than it can profitably be made here, solely on account of the great difference in the cost of labor and bristle and overhead charges.

It is not only the importers and the large jobbers who are buying toilet brushes abroad. There are retailers and houses who sell direct to the consumer that American manufacturers can not possibly sell under the present duty of 40 per cent.

So great, indeed, is the distribution of foreign-made toilet brushes in the United States that the assertion may be made without fear of successful contradiction that there is not a department or drug store of fair standing in the whole country in which foreign-made toilet brushes are not to be found at all times. To-day these brushes come principally from Japan.

Taken by three decades, the increase in the importations of brushes from Japan are as follows: 1891, \$15,872; 1901, \$191,911; 1911, \$736,781. Last year, 1912, the total was \$602,923. Years 1891 to 1912, 21 years, 3,856 per cent increase.

With the continuation of such an increase, it is easy to prophesy what will become of the American toilet-brush makers before another decade has been completed unless we have relief.

Advertisements of Japanese and European brush manufacturers are to be found in all American trade journals devoted to drug sundries, dry goods, barber supplies, and even variety magazines for the 5 and 10 cent stores.

One Japanese toilet-brush concern, with a branch office on Broadway, New York, during the past year has advertised the fact that it had so increased its business in the United States that it was compelled to use the entire floor of the big Broadway building instead of the single room in which it had started business.

In Japan the employees of the brush factories work from 7 a. m. to 6 p. m. seven days a week. Generally they work 312 days in the year, though one of the largest factories is known to work 330 days. Male employees receive from 28 to 38 cents per day; females, 13 to 18 cents; and children, 8 to 11 cents. The skilled females, who do drawn work, receive up to 22 cents a day.

Contrast this condition with the condition existing in this country with ever-increasing but proper stringency in the child and women labor laws; and that, while brush makers generally in most shops are necessarily among the lowest-paid workers in the United States, that the Japanese labor gets less than one-fifteenth as much.

Time was when France and England furnished the bulk of the toilet brushes used in the United States, but to-day Germany and Japan have come strongly to the front.

Germany is sending vast quantities of brushes to this country to-day, and, what is more, the German manufacturers are advertising in the American trade journals the fact that they are making their brushes with the improved steel anchors that have heretofore made American competition with foreign hand-drawn brushes possible in many instances.

While it is true that there are American industries grown to the stature of giants that are still protected as infants, it is also true that there are many that have not become monopolies—in fact, produce a reasonable profit only as a result of strict economy.

The manufacture of toilet brushes is one of these.

Therefore when the toilet-brush manufacturers ask for a rate of 50 per cent ad valorem they are truly asking for life itself, which implies also the living of a host of faithful employees who have aided in building the industry and who are to-day unfitted for other labor.

The present tariff (which we insist was not protection) has caused the American manufacturers to develop brush making to the standing of an art, and it is a pleasure to be able to say to-day, after years of earnest and honorable endeavor, that they are now turning out high-grade toilet brushes that are freely acknowledged by experts to be the equal of any made in any country in the world.

PARAGRAPH 423—BRUSHES.

No brush trust has been developed, nor have any fortunes been made in the brush business.

And furthermore, in spite of the increased cost of living, the advanced quotations on bristles and imported woods, and the higher wages paid, the prices on the general lines of toilet brushes have not been increased, nor can they be with the present condition of foreign competition.

Not only is there no brush trust, but there is no collusion, such as a gentleman's agreement, among the various American brush manufacturers and competition is keen.

We are herewith appealing for the very life of the toilet-brush industry, and we are honestly sincere in our assertion that it constitutes a real infant industry, far too weak to sell its products abroad.

We are not petitioning your honorable committee for the prohibition from the United States of brushes made by the very cheap labor of Europe and Asia. Our request is that we be put on a more equitable basis of competition with them.

Respectfully submitted.

THE AMES-BONNER Co.,
By J. GAZZAM MACKENZIE,
Manager.

TESTIMONY OF ERNEST H. HOLTON, NEW YORK CITY.

The witness was duly sworn.

Mr. HOLTON. Mr. Chairman and gentlemen of the committee, I represent the importers and dealers of brushes in New York City, which city is the main source of distribution in the United States.

Brushes are provided for under paragraph 423 of the present act and pay a duty at the rate of 40 per cent ad valorem.

Mr. Bonner made a statement here yesterday, probably inadvertently, in which he stated that the total production of these goods was \$14,600,000 in 1910. It happens that that was the first year that the classification in which the production was subdivided, as you will see, if you will look at your list. You will find that brooms, brushes, and feather dusters are mentioned in this paragraph and are given in one section. The manufactures of brushes are given in another section, but in making that comparison they took the total of the imports.

Mr. HARRISON. Please give me the paragraph again.

Mr. HOLTON. Four hundred and twenty-three.

In 1910 they were subdivided for the first time that I can find. So in correcting that it would make the domestic production \$29,125,000 odd, against the imports of \$1,747,000. You see there has never been any distinction in the importations coming in. They have all come in under the one paragraph.

Mr. HARRISON. As a matter of fact, about 7 per cent of the domestic consumption is imported?

Mr. HOLTON. It would be more accurate to say 8 per cent.

My recommendation is that the tariff on brushes be reduced to 20 per cent ad valorem.

As far as the brooms and feather dusters are concerned, there was a gentleman appeared before you last night, an American manufacturer, who said that he would be perfectly willing to have the brooms put on the free list.

Mr. DIXON. Provided the handles were put on the free list.

Mr. HOLTON. We would like to ask that brushes be put on a 20 per cent basis. It would yield a very much larger revenue to the Government.

PARAGRAPH 423—BRUSHES.

Mr. LONGWORTH. Why do you say that?

Mr. HOLTON. On account of the popular-priced brushes being the largest seller.

Mr. LONGWORTH. Your proposition is that the imports would more than double?

Mr. HOLTON. I did not make any specific figure. I said it would increase.

Mr. LONGWORTH. You ask that the duty should be reduced 50 per cent.

Mr. HOLTON. Yes, sir.

Mr. LONGWORTH. Therefore the imports have got to double to produce the same revenue.

Mr. HOLTON. Yes, sir.

Mr. LONGWORTH. Now, you say it is going to be very much larger.

Mr. HOLTON. I think it would be more than double, because it will enable a class of brushes to come in here which are now almost excluded.

Mr. LONGWORTH. Which are now made in this country?

Mr. HOLTON. Which are made in this country.

Mr. LONGWORTH. You do not want to exclude them from the American market?

Mr. HOLTON. No, indeed.

Mr. LONGWORTH. Do you want to drive them out of the market?

Mr. HOLTON. No, sir.

Mr. LONGWORTH. Why not?

Mr. HOLTON. We want to be put on a competitive basis.

Mr. LONGWORTH. Where did you learn that expression?

Mr. HOLTON. I have been reading so much of it in the papers.

Mr. LONGWORTH. All right.

Mr. HARRISON. Proceed, Mr. Holton.

Mr. FORDNEY. Have the prices gone up or down since the time of the establishment of the tariff law?

Mr. HOLTON. The duty has not gone—

Mr. FORDNEY (interposing). Since the establishment of the law has the price to the consumer of these articles gone up or gone down?

Mr. HOLTON. I think if anything it has advanced slightly; that is, since the passage of the act.

Mr. FORDNEY. The Payne tariff law?

Mr. HOLTON. No; that was retained at the same price as before, the same tariff as before. It was first put at 40 per cent under the Dingley tariff.

Mr. LONGWORTH. What was it under the Wilson tariff?

Mr. HOLTON. Thirty-five per cent.

Mr. FORDNEY. The price has gone up since the passage of the Payne Act?

Mr. HOLTON. I could not say.

I am at present the treasurer of a corporation dealing in brushes of American manufacture, as well as imported goods. I have been engaged entirely in this one line of business during my 22 years of business life, and think at least that I can claim close acquaintance with each particular industry. In fact, the statements as to the industry are so convincing that expert testimony would not be

PARAGRAPH 423—BRUSHES.

required. The statements are more fully amplified in the brief which I have filed.

The brush industry, as regards competition, is divided into two distinct classes, one class being household brushes, shoe brushes, horse brushes, paintbrushes, etc.; the other class being toilet brushes, embracing such brushes as hairbrushes, toothbrushes, nailbrushes, hand brushes, etc.

The present duty of 40 per cent has practically shut out all competition on the first class of brushes, and were the duty to be reduced to 20 per cent, as recommended, the importation of these brushes would be practically nil, owing to the patented processes of manufacture, although we ought to be placed on a competitive basis.

The second class of brushes are of more importance to the community as a whole, as we have pointed out, owing to the educational campaigns now being conducted all over the United States on the subject of hygiene, making these brushes practically a necessity in every household.

As an echo of this campaign, we would respectfully call the committee's attention to an item in the New York Times, Tuesday, January 28, 1913, which says that the warden of the Essex County, N. J., penitentiary, is supplying his prisoners with tooth brushes and powder, the rules of the prison requiring each of the inmates to make use of these brushes.

Mr. HARRISON. Do you consider that the cruel and unusual punishment which is prohibited by the Constitution?

Mr. HOLTON. Not at all.

And public schools are in some cities also giving tooth brushes away in response to this campaign.

Mr. KITCHIN. What are you going to give away?

Mr. HOLTON. Nothing.

The importation of this class is very much restricted by this duty of 40 per cent. The big or popular demand is for brushes of the lower grade. This branch of the industry is now being made chiefly on machines, and we find it impossible to successfully compete, as this machine industry has reduced the item of manual labor by 75 per cent.

Mr. DIXON. At the present time what class of brushes are being imported?

Mr. HOLTON. At the present time almost every class of brush; nail brushes, tooth brushes, hand brushes.

Mr. KITCHIN. Two million dollars' worth of brushes were imported last year. What portion were hair brushes, would you say?

Mr. HOLTON. I could not say. We have no way of knowing. They are all grouped in one class: "Brushes, brooms, and feather dusters of all kinds, and hair pencils or quills." That is the wording of the paragraph.

The popular-priced toothbrush is conceded to be one that retails for 25 cents. When I prepared this speech I considered that to be so, but I have since received a paper in which it says "A guaranteed toothbrush to retail at 10 cents each." This is put up by the Florence Manufacturing Co., of Florence, Mass., which I think is the oldest, largest, and best equipped toilet factory in the United States. So evidently I have my standard too high there.

PARAGRAPH 423—BRUSHES.

Mr. KITCHIN. You do not take everything that a manufacturer says to be true, do you, in his advertisements?

Mr. HOLTON. No; I do not, but he offers a brush here that can be retailed, put into the consumers' hands and guaranteed for 10 cents.

Mr. LONGWORTH. Then you have made a mistake of 150 per cent to the ultimate consumer?

Mr. HOLTON. That seems to be true. Up to the present moment I think it will be conceded by almost any brush maker that the popular-priced toothbrush is one retailing for 25 cents. Evidently this standard is to be upset. As I say, I do not know what that will result in. I do not know how it is going to affect the market one way or another.

Mr. HARRISON. Is it not an indication to you that the American manufacturer can produce toothbrushes cheaper than any man in the world?

Mr. HOLTON. It certainly appears that way. I am afraid we will feel the competition very strong.

Mr. LONGWORTH. Then you are not appearing here at all in behalf of the consumers?

Mr. HOLTON. I feel that I am. I think that if this is done that the consumer will always be the one ultimately benefited.

Mr. LONGWORTH. Do you believe it will benefit the consumer?

Mr. HOLTON. I think the consumer will be benefited by the lower tariff on brushes.

Mr. LONGWORTH. You spoke of it under the 40 per cent tariff, you having made your estimate on the popular priced tooth brush at 25 cents. You now discover they are made here in America for 10 cents. Does that change your opinion at all? Do you wish to revise your recommendation since you read that?

Mr. HOLTON. No; I stand by my brief, because as I say this is a new field. I do not know how it is going to affect the market. It has to be tried out.

Mr. HARRISON. It is a practical indication to you that the tariff would have to go lower still to get more revenue out of it?

Mr. HOLTON. Yes, sir.

Mr. LONGWORTH. I say, do you desire to revise your statement?

Mr. HOLTON. If this were true the 25 cent brushes as a popular brush would probably be a thing of the past.

Mr. KITCHIN. May be they are doll-baby brushes.

Mr. HOLTON. No; they are not, because it says here, "Six dozen senior size, 4 dozen junior size, 1 dozen assorted laddie and lassie sizes, 1 dozen baby size."

Mr. LONGWORTH. Do you think under those circumstances that the ultimate consumer of toothbrushes is being robbed by the tariff on toothbrushes?

Mr. HOLTON. No; I do not.

Mr. LONGWORTH. You do not?

Mr. HOLTON. No; where we are doing but 8 per cent of the business I do not think there is very much robbery there. That is on our side, and I think 92 per cent on the other side. We are standing about all the tariff we can.

Mr. HILL. Would you think a revision of the duty on brushes would increase the quantity imported by cutting the duty in two?

PARAGRAPH 423—BRUSHES.

Mr. HOLTON. Yes, sir.

Mr. HILL. How much do you think it would increase the importations? Would it double them?

Mr. HOLTON. I think it would more than double them.

Mr. HILL. You think it would more than double?

Mr. HOLTON. I think it would more than double.

Mr. HILL. You stated it would produce more revenue.

Mr. HOLTON. I think it would produce more revenue than it does to-day.

Mr. HILL. What effect would more than double in quantity in brushes imported have on the revenue from bristles? If we more than double the importation of the finished brush, what effect would it have upon the importation of bristles, which bring us a larger revenue than brushes do?

Mr. HOLTON. I do not agree with you there. The revenue is not larger on bristles.

Mr. HILL. On page 314 of our Handbook you will find that brushes were imported last year to the amount of \$2,074,000, and bristles were imported, sorted, bunched, and prepared, to the amount of 3,354,000 pounds, with a value of \$2,926,000, or nearly a million dollars more than the value of the brushes imported. Now, as the importation of brushes increases, the importation of bristles will fall off, will it not?

Mr. HOLTON. No, sir.

Mr. HILL. Then would you put into one pocket what you would take out of the other?

Mr. HARRISON. That would be true, Mr. Hill, if the rates of duty were the same for bristles and brushes. Although there was more in value in bristles imported, there is three times as much revenue obtained on brushes.

Mr. HILL. Yes, I understand the rate is much higher, but the whole question as to whether you would lose revenue or gain it would depend on the accuracy of your guess or anybody else's guess, and anybody else's is just as good as yours as to what the effect of a 20 per cent duty would be on the importation of brushes compared with the 40 per cent duty. The chances are, it would seem to me, that the Government would be a loser by the operation. Still I want you to put in your opinion.

Mr. HOLTON. It is entirely an estimate.

Mr. HILL. If brushes were increased in importations, the bristles would be decreased?

Mr. HOLTON. It is entirely an estimate.

Mr. LONGWORTH. What do you base your argument on? Is it that you desire to increase the revenue, to benefit the ultimate consumer, or to benefit yourself?

Mr. HOLTON. All three.

Mr. RAINEY. Mr. Holton, you know something about the manufacture of brushes in this country, up there in the State of New York? You live up there in New York?

Mr. HOLTON. Yes, sir; I will reach that presently by exhibits, showing the different kinds of brushes, how they are manufactured, and I will reach that in a moment if I am allowed to proceed.

PARAGRAPH 423—BRUSHES.

Mr. FORDNEY. Just one question at this point. Are those bristles produced in this country?

Mr. HOLTON. To a very small extent.

Mr. FORDNEY. So that all the bristles that the American manufacturers use come from Europe, don't they; they are imported anyway?

Mr. HOLTON. China and east Prussia.

Mr. FORDNEY. Now, then, would we not get more revenue if we were to increase the duty on brushes and prohibit the importation of brushes, and lower the duty a fraction on bristles and increase the importation of bristles and increase the American manufacture of brushes in this country—get more revenue and get more employment?

Mr. HOLTON. No, sir.

Mr. FORDNEY. Would it not be better to have it brought in in bristles than in brushes?

Mr. HOLTON. If the bristles come in in brushes, we pay 40 per cent ad valorem on the bristles in the brush. Coming in in the bundle, as they do, they pay 7.5 cents per pound specific, which, at the least calculation, would not amount to over 4 per cent, and the higher grade but 2.

Mr. FORDNEY. It is a protection of the labor put upon the brush when you put the duty on the brush over and above the duty on the bristles. My suggestion would give us all the importation of bristles we want, give all the American labor employment to make all the brushes we consume, transfer the industry from there here and still give us the revenue.

Mr. RAINEY. Inasmuch as he has brought up the question of the labor, I think we had better go into that right now. I want to ask you a few questions. Is it not true that this industry in New York State employs children as young as 7 years?

Mr. HOLTON. Even younger.

Mr. RAINEY. Is not this a sort of household industry, where they take these brushes up to their rooms in the nighttime and work, the children putting the bristles in the brushes?

Mr. HOLTON. That is done in the tenement-house district in New York.

Mr. RAINEY. And in many houses that are not licensed for that?

Mr. HOLTON. I believe the biggest part are not licensed.

Mr. RAINEY. Independent of your own interest in the matter, because you might be prejudiced and they might insist upon the other side that you are prejudiced, have the manufacturers of these brushes been investigated in New York, and has it not been investigated by the National Child Labor Committee?

Mr. HOLTON. Quite recently. You are anticipating my speech a little bit.

Mr. RAINEY. Mr. Fordney just anticipated your speech, so I wanted to bring that out now. Have you got the report on the National Child Labor Committee up there on this industry?

Mr. HOLTON. Yes, sir. I have some authenticated photographs from that same committee.

Mr. RAINEY. Yes. Let us also see some of those photographs.

Mr. FORDNEY. I presume under Democratic administration now you will have no more child labor; you will have a child-labor law

PARAGRAPH 423—BRUSHES.

to control that class of labor. I suppose we will have a good law right away quick under the Democratic administration that will prohibit the employment of children at that age. If not, we should have it.

Mr. RAINEY. They do it in violation of the law there in New York State.

Will you describe these pictures?

Mr. HARRISON. Just on that point I would like to say about my State: We have at the present time a commission investigating industrial conditions, labor conditions, in all the factories in the State, and that commission is nearly ready to make report, and based upon that we expect to reform those conditions.

Mr. RAINEY. Fortunately, they are now under a Democratic administration.

Mr. FORDNEY. Do you know whether or not the child labor of China would get more pay per day than these children 7 years of age in New York get?

I venture to say that this child labor that is employed that the gentleman speaks of in the State of New York in putting these bristles in the brushes gets twice as much as the laborer does in China, as the Chinaman gets for doing the same kind of work.

Mr. RAINEY. We would rather have the Chinaman do it, anyway, than these little children.

Mr. FORDNEY. Let me tell you, my dear friend, that this comparison of child labor is not very pertinent. Of course, child labor should be prohibited, and if you have not got a law in the State of New York that will prohibit it, you ought to have one.

Mr. RAINEY. Will you describe some of these photographs of the children, so as to get it into the record, and hand them up here?

Mr. HOLTON. Shall I anticipate my speech and put them in now, or come to that later?

Mr. RAINEY. I would like to have you take it up now.

Mr. HOLTON. Shall I read this?

Mr. RAINEY. Yes, sir.

Mr. HOLTON. The Universal Brush Co. makes a brush known as the "Hughes Ideal" brush. Their factory is in Troy, with an office at 114 East Sixteenth Street.

Mr. RAINEY. Of the Universal Brush Co. Mr. Alexander is president?

Mr. HOLTON. Yes, sir.

Mr. RAINEY. He was on the calendar here ahead of you, but he ran away?

Mr. HOLTON. His name was called this morning.

Mr. RAINEY. He was not called at all, but he ran away. Now, go ahead.

Mr. HOLTON (reading):

I now notice that I am charged with manufacturing my "Ideal" brush in America, with American workmen, in a sanitary American factory.

I plead guilty and am proud of it. "If this is treason, make the most of it."

Mr. RAINEY. Have you got any pictures indicating the conditions?

Mr. HOLTON. Yes, sir.

Mr. RAINEY. Describe those pictures you have there. Tell what they are

PARAGRAPH 423—BRUSHES.

Mr. HOLTON. One picture shows the Shultz family, of 476 Third Avenue, Brooklyn, working at this occupation.

Mr. RAINEY. What are their ages, before you leave the Shultz family?

Mr. HOLTON. The girls in this family are 12 and 14 years of age.

Mr. RAINEY. How many girls are in that picture 12 and 14 years of age.

Mr. HOLTON. The mother and two children.

Mr. RAINEY. Is the work going on in the night-time?

Mr. HOLTON. Yes, sir; the photograph was taken at 9 p. m., and they worked later.

Mr. RAINEY. Now, tell us about the next one.

Mr. HOLTON. "Making hairbrushes. Hausner family, 310 East 71st Street, New York City. Frank is 6 years old and John is 12. The mother had a sore throat and wore a great rag wrapper around it, but she took it off for the photo. They said they all (including the 6-year-old) worked until 10 p. m. when busy. Their neighbor corroborated this. She said:

It's a whole lots better for the boys than doin' nothin'.

The mother said the night work hurts their eyes and John said so, too. He was not very enthusiastic about the beauties of work.

All together they make about \$2 a week.

Mr. RAINEY. All three of them?

Mr. HOLTON. All. The committee has indorsed it.

Mr. RAINEY. How many are in that picture, of children working, putting bristles in these brushes?

Mr. HOLTON. There are two children here.

Mr. RAINEY. Is that in the nighttime, too?

Mr. FORDNEY. This is New York State, is it?

Mr. RAINEY. It is in Brooklyn.

Mr. HOLTON. New York State.

Mr. RAINEY. These pictures, every one of them, were taken by the National Child Labor Committee? That last picture, was that taken in the nighttime?

Mr. HOLTON. This was taken, I believe, at 10 p. m.

Mr. RAINEY. Then that shows those little children at work?

Mr. HOLTON. It says they work until 10 p. m. The picture was taken at 6 p. m., January 31, 1912.

Mr. RAINEY. Have you got any more of them?

Mr. HOLTON. Here is a copy of an advertisement appearing in the New York paper, headed: "Help Wanted—Female. Unskilled labor to be done at home. Apply 114 East Sixteenth Street, sixth floor."

That is the office address of the Universal Brush Co.

Mr. RAINEY. Of which Mr. Alexander is president, and he ran away to avoid being examined?

Mr. HOLTON. Quite right.

Mr. RAINEY. Have you the report of the National Child Labor Committee?

Mr. HOLTON. I will only read the extract pertaining to brushes.

Mr. RAINEY. Yes; read what pertains to brushes only. When was that report made?

Mr. HOLTON. Pamphlet No. 181, reprinted from the Child Labor Bulletin of November, 1912.

PARAGRAPH 423—BRUSHES.

Mr. RAINEY. Will you read so much of it as pertains to the manufacture of brushes?

Mr. HOLTON. On page 4, as regards brushes, it says:

Manufacture of brushes requires a license. Of 124 families given by brush manufacturers as outworkers, 10 families were found to live in licensed houses, 114 families in unlicensed houses.

On page 5:

Forty-one families visited, containing 72 children. Out of these, 69 children were working, of the following ages:

Number of children.	Ages.	Number of children.	Ages.	Number of children.	Ages.
2	4	11	9	16	14
1	5	6	10	2	15
7	6	4	11		16
3	7	6	12		
5	8	4	13		

Mr. FORDNEY. May I ask you what do you bring these pictures here to Congress for, and submit them to this committee? Do you want this committee to correct a wrong that is absolutely in the control of the State of New York?

Mr. HOLTON. I merely want to show how the brush manufacturers—

Mr. FORDNEY (interposing). Oh, no; that is not the point at all. Do you want Congress now to go to the State of New York and correct a wrong that exists there in the employment of child labor that should be corrected by the State law?

Mr. HOLTON. I believe the State is caring for that now. Mr. Lovejoy—

Mr. FORDNEY (interposing). Well, then, what do you bring it here before the committee for?

Mr. PAYNE. You do not pretend it is lawful to work children under 7 years of age?

Mr. HOLTON. No.

Mr. RAINEY. You brought them here to show what kind of an industry Mr. Fordney wants to protect?

Mr. HOLTON. Exactly.

Mr. PAYNE. It is a violation of the law, the working of children of that age?

Mr. HOLTON. Yes, sir; and I do not think it ought to be encouraged.

Mr. RAINEY. You are showing what kind of labor this paragraph of Mr. Payne's bill is protecting up there in New York?

Mr. HOLTON. Yes, sir.

Mr. FORDNEY. Now, my friend, is that true?

Mr. HOLTON. Yes, sir. So much has been said—

Mr. FORDNEY (interposing). Do you think the rates were put into the Payne tariff law to bring about this condition?

Mr. HOLTON. No; I do not.

Mr. FORDNEY. Then, what did you say so for?

Mr. HOLTON. I did not understand the question.

PARAGRAPH 423—BRUSHES.

Mr. FORDNEY. That is what the gentleman asked you.

Mr. RAINEY. No; I did not ask him anything of the kind.

Mr. FORDNEY. Yes you did.

Mr. HOLTON. I do not think it was put in there to bring it about. I did not understand the question. I do not understand that was the purpose of putting it into the Payne law.

Mr. RAINEY. I did not ask any such question.

Mr. LONGWORTH. The duty has been in force nearly 100 years.

Mr. FORDNEY. If under the rates fixed in the same tariff law brushes can be made in this country without any higher-priced labor than it is, don't you think that duty ought to be increased so that a better class of labor can be employed?

Mr. HOLTON. I am frank to say that there is difference enough between the prices paid here and abroad that they can.

Mr. FORDNEY. Then the tariff law has absolutely nothing to do with this question of employment of child labor, has it?

Mr. HOLTON. All in the world.

Mr. FORDNEY. All in the world, and yet you say——

Mr. LONGWORTH (interposing). Why did not you come here a few years ago? Why did not the representatives of your industry come here in 1848?

Mr. HOLTON. We were not made cognizant of this fact until 1912.

Mr. FORDNEY. This duty has been imposed for 80 years. Now be careful in your statements.

Mr. HILL. You say the effect of your proposition would be largely to increase the importation of the foreign brushes. I will read a telegraphic dispatch from London, November 16, published in the New York Tribune, referring to similar work on other articles in London:

"This testimony, which met with a hostile reception from the trades unionists at the inquiry, was hardly substantiated by a direct or a limited company, who said that of the 270 women outworkers employed by his firm, 20 per cent earned under 25 cents a week, 85 per cent under 50 cents, 21 per cent under 75 cents, 13 per cent under \$1, 7 per cent under \$1.25, 2 per cent under \$1.50, and 2 per cent under \$1.75. The highest price they paid for carding was 20 cents per great gross and the lowest 10 cents per great gross."

The final conclusion of the dispatch, and I will put it in the record, but I will read the last clause:

Other witnesses pointed out that the majority of the women engaged in this class of work entered into it with the object of augmenting their husbands' earnings, but the general tenor of the revelations has created quite a sensation in England, where there is ever a tendency to cry "Shame" when the subject of sweated labor is under notice, but precious little is ever done to remedy the evils.

Now, which is the worst condition, on the other side of the water or here?

Mr. RAINEY. All of which does not amount to anything.

Mr. HILL. Which is the worst condition, Mr. Holton, 2 cents a day, or——

Mr. HOLTON. Is it a similar industry?

Mr. RAINEY. All of which does not prove that the conditions are not deplorable in the protected industry we are considering.

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Mr. HILL. Everybody regrets it, but the conditions are far worse. Don't you see, as you just admit, by cutting the duty in two, from 40 to 20, it would tend to put the work here into a worse condition than on the other side?

Mr. RAINEY. You said it would be done by Chinese labor.

Mr. HILL. I never said anything of the kind. I do not pay any attention at all to what you say. I am talking for the record.

Which is the better, really, as a humanitarian proposition?

Mr. HOLTON. I want you to state if that applies to the same industry.

Mr. HILL. Well, a similar industry. You will find worse conditions in Austria and Bohemia—far worse conditions than any. Which is the better, as a humanitarian proposition?

Mr. HOLTON. I do not see that either one is very desirable.

Mr. LONGWORTH. How long have you been in this business?

Mr. HOLTON. Twenty-two years.

Mr. LONGWORTH. Have you ever appeared before the committee before, in which a reduction has been asked?

Mr. HOLTON. Never in my life.

Mr. LONGWORTH. Why haven't you?

Mr. HOLTON. Why, one reason, I did not think I was a big enough factor.

Mr. LONGWORTH. You say you suddenly realized it. And yet in speaking of this duty you bring before us these pictures of these iniquities. You have been in this business for 30 years and have never been——

Mr. HOLTON. I have not.

Mr. LONGWORTH. Well, 20 years or 22 years, and you have never been before a committee before, either Democratic or Republican, advocating a reduction in this tariff? You have been singularly derelict in your humanitarian duty.

The CHAIRMAN. Gentlemen, let us not get into an argument with the witness.

Mr. FORDNEY. I never would engage in any argument with the witness about such a thing if it were not brought in here by the gentleman from Illinois.

Mr. LONGWORTH. He has brought this in himself. He admits that this thing has been going on 22 years, yet he has not brought it to the committee.

Mr. FORDNEY. Did you not consult the gentleman from Illinois about this industry before you presented these photographs?

Mr. HOLTON. I never spoke to the gentleman from Illinois in my life.

Mr. FORDNEY. How did he happen to know you had such photographs in your possession, because he asked you to bring up the pictures?

Mr. RAINEY. I will answer that. I will say to the gentleman from Michigan that I knew he ought to have them here whether he had them or not.

Mr. HOLTON. This was brought to my attention by the exhibit at Twenty-third Street and Sixth Avenue, New York, where the Child Labor Committee had in charge these various conditions which have

PARAGRAPH 423—BRUSHES.

been shown, and they had an exhibit there of this particular branch of it.

Mr. RAINEY. When was this brought to your attention, this exhibit you mention having seen in New York?

Mr. HOLTON. In the latter part of December, 1912, or early in January.

Mr. RAINEY. This is the first opportunity you have had to present it to a committee of Congress?

Mr. HOLTON. The very first.

Mr. FORDNEY. You have been in the business 21 years without finding it out?

The CHAIRMAN. The witness states the first time it was brought to his attention was last December, and he has come down here now and presented it to the committee.

Mr. PAYNE. This is a part of the investigation by that commission in our State, wasn't it, last November? Last fall these facts were developed to your knowledge?

Mr. HOLTON. No, not to my knowledge. I did not know this until the latter part of December, 1912. It must have existed before that.

Mr. PAYNE. Well, the commission reported it and it was published in the paper, wasn't it, or at least the commission made an examination and did not report and the newspapers published something about it?

Mr. HOLTON. The first time it came to my attention through the public press or anything else was this exhibit.

Mr. PAYNE. That is what I say, the public press.

Mr. HOLTON. I say it did not come to my attention through the public press.

Mr. PAYNE. I call your attention to another statement by the public press, at that time, that the worst discovery they had made was with regard to the workers in binder-twine factories, the International Harvester Co. That was under the free clause in the tariff. Perhaps you can fix that up with the gentleman from Illinois and blame that on the tariff.

Mr. LONGWORTH. I understand there are brushes made in my own State, the State of Ohio. Do you claim that that condition exists there?

Mr. HOLTON. I do not.

Mr. RAINEY. You do not know?

Mr. LONGWORTH. Do you know whether or not it does?

Mr. HOLTON. I do not know.

Mr. RAINEY. I wish you would read from this report of the National Child Labor Committee which you have of any other families in their report, with reference to children employed in the manufacture of brushes or any other conditions of the brush manufacture.

Mr. HOLTON. The only reference I have not read is on page 42:

Five children of this family work at brushes, while a sixth works in a laundry.

The little 5-year old on the right is very deft at this close work, though her eyes seem to trouble her. Martha, aged 14, is not attending school "because she has no shoes."

The father, a laborer, is out of work. He complains that there is little money in brush making.

The pay for filling the pads for 12 brushes (each having 500 holes, 6,000 holes in all) with 6,000 tiny bristles is 40 cents. One cent for filling in 150 bristles.

Photo taken February 5, 1912, at 8 p. m.

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Mr. RAINY. That describes the photograph you have in this book?

Mr. HOLTON. On the opposite page.

Mr. RAINY. Is there anything in there about the number of licensed and unlicensed houses?

Mr. HOLTON. On page 4.

Mr. RAINY. Did you read that?

Mr. HOLTON. I read that, and page 5 also.

Mr. LONGWORTH. Do you claim that a reduction of the tariff from 40 per cent to 20 per cent will change this condition? Do you make the claim that the reduction of the tariff from 40 per cent to 20 per cent will wipe out this industry of New York City?

Mr. RAINY. One of you gentlemen over there, I do not remember who it was, recently said it would result in the employment of Chinese labor abroad, and the shipping in of these goods made by Chinese labor, and that certainly would dispense with the child's labor.

Mr. FORDNEY. I leave it to the record. No man has made such an utterance on this side of the House about Chinese labor. The gentleman from Illinois is just as near correct as he generally is in any statement.

Mr. RAINY. The record will show that he made that statement.

Mr. LONGWORTH. What have you to say on that subject?

Mr. HOLTON. I think the only thing that will stop it is legislation to cover it.

Mr. LONGWORTH. The tariff has nothing to do with it, has it?

Mr. HOLTON. No.

Mr. FORDNEY. Then why do you present it here if you are talking about the tariff? What do you bring it here for?

Mr. LONGWORTH. You now say the tariff has nothing whatever to do with it. That satisfies me. Proceed.

Mr. RAINY. I am glad that you are satisfied.

The CHAIRMAN. Now, gentlemen, we will proceed.

Mr. HOLTON. The popular-priced toothbrush is conceded to be one that retails for 25 cents. Brushes of this kind are being made in this country on the same machines, and I offer as an exhibit a brush (Exhibit C) made by the Celluloid Co. of Newark, N. J. This brush is quoted in the catalogue of the Celluloid Co. at \$24 per gross, and will be sold at the price to anybody with money to purchase the same. This is the usual wholesale price for a brush retailing at 25 cents.

The bone brushes so generally used are in competition with these celluloid goods, but still represent a big percentage of the business. One of the big selling 25-cent bone tooth brushes is the Prophylactic brush made in Florence, Mass., of which I will submit you a sample (Exhibit D) and draw your attention to the remarks in our brief where we show that this brush is being offered in Canada for less than it is offered to the American dealer.

I also offer you a brush (Exhibit E) known as the "Rubberset" toothbrush, made in Newark, N. J., by still another process of manufacture, known as the "rubberset." This brush also sells for 25 cents at retail. This particular brush was bought at a store in Washington last night.

Both of these companies are spending thousands of dollars annually in the United States, advertising these brushes to the American

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public, and it is but fair to assume that with this expenditure of money these brushes can be marketed at very satisfactory profits.

It is necessary to note also that bone brushes made abroad are nearly all made of bones imported from North and South America, the United States furnishing about 50 per cent of the product in raw bones, which are returned to this country in the manufactured state.

The popular-priced hairbrush is 50 cents or less. I offer you as an exhibit a brush (Exhibit F) bought in the open market made by the Grand Rapids Brush Co., which brush they sell at \$3.19 per dozen laid down in New York, and can be retailed for 40 cents. This brush is a machine-made brush, and it is impossible to import a brush to compete with this in quality, appearance and price.

Also as an exhibit, I offer you a military brush (Exhibit G), made by a cement process, which is patented in this country. This brush is made in Cohoes, N. Y., and is sold for \$3.92 per dozen, and we have not been able to duplicate it in any foreign market at a price even approaching it.

There is some competition on the higher grade of brushes, but in order to show the committee at what disadvantage we labor, I would respectfully draw your attention to the fact that bristles are almost wholly imported and bear but a nominal duty of 7.5 cents per pound, under paragraph 424.

Brushes of the higher class take the better grade of bristles and average from \$3.50 to \$5 per pound, which makes the duty on bristles to the American manufacturer on an average of but about 2 per cent.

The woods of which these better grade brushes are made are all high woods, such as ebony, rosewood, and mahogany, imported in the log from South America, East and West Indies, and Africa, and are brought into this country duty free under paragraph 712.

When brushes of this same grade are brought into the United States the importer is compelled to pay 40 per cent on the wood used in the back and 40 per cent on the bristles which are drawn into it, as well as the same advance on the cost of foreign labor necessary to produce the finished article.

Formerly the question of labor entered very materially into this matter and there is no question but that in those days there was an advantage to the foreign manufacturer, but that advantage has been lost by the introduction of machines and the rise in wages abroad, so that it costs them practically as much abroad to-day as it does to make brushes here.

In the Grand Rapids brush statement (see tariff hearing, Doc. No. 1505, 60th Cong., 2d sess., p. 6441) this manufacturer claims that 25 per cent of the cost of the manufactured article is for the bristles and 15 per cent for wires, handles, and backs, showing that material enters into this item of cost to the total extent of 20 per cent.

Assuming that their statements are true, but we believe that these percentages of materials are still higher, this leaves a percentage of 60 per cent for the item of labor alone, and the American manufacturer has sensibly dwelt on the subject of the high wages paid to labor in the United States; but where the machines are employed the labor item is greatly reduced.

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This was where I was going to introduce my pamphlet on the child-labor question.

Mr. LONGWORTH. You just said that your argument had nothing to do with it. You stated that on the record. So far as your argument on the reduction of the tariff from 40 per cent to 20 per cent, you withdrew this proposition. You said so a moment ago.

Mr. HOLTON. I stand by my statement.

Mr. LONGWORTH. All right; then we will withdraw all that question.

The CHAIRMAN. Do you desire to have it appear in the record?

Mr. HOLTON. I do. In the course of my speech I was going to offer it as an exhibit.

The brush industry abroad is not in the most flourishing condition; failures are frequent, and the big plants few and far between that will compete favorably with some of the big industries established on our own continent, and which practically without exception are very highly rated in the commercial agencies.

I have personally made trips to Europe to purchase goods, and in the course of my travels have visited Germany, France, and England, and have found that, with duty and freight considered, it has only been possible to import brushes of the higher grade which would enter at all into competition with the American product.

In our brief you will note we state that the total volume of imported brushes is but 8 per cent of the total production in the United States. We also draw your attention to the tremendous increase in the amount of exports of American brushes, but particularly in the case of Canada, showing that the United States is sending to Canada 40 per cent of the brushes against the markets of the world, notwithstanding the fact that the United States pays a higher duty than any other country, and since 1909 have increased their own exports to that country by 40 per cent, as shown by the report of the department of customs, Dominion of Canada, 1912.

Believing that the incoming Democratic administration is pledged to a tariff revision downward, we would respectfully request that our matter receive the earnest attention of the committee, and that we be placed upon a competitive tariff basis, which will create a larger revenue to the Government, rather than be retained under the high prohibitive tariff, which, as we have pointed out in our brief, is rapidly reducing the ratio that imported goods mentioned in paragraph 423 bear to the product of the domestic manufacturers.

Read into the record by Mr. Hill:

WOMEN EARN ONLY 2 CENTS AN HOUR—SENSATIONAL REVELATIONS IN INQUIRY IN INDUSTRIAL CENTER AROUND BIRMINGHAM.

[By cable to the Tribune.]

LONDON, November 16.

Extraordinary revelations concerning the earnings of women workers in the great industrial center around Birmingham have been made by the government inquiry held in connection with the special order for the inclusion of married women within the compulsory provisions of the insurance act.

Employers themselves testified that women engaged at home in hook-and-eye carding and similar work often earned only 2 cents an hour, while many of them, even by

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working 54 hours a week, could not earn more than \$1 a week. A representative of the Birmingham Chamber of Commerce said that a carder of hooks and eyes might reasonably expect to earn \$2.25 a week if she worked the whole week, while larger sums might be earned at carding miscellaneous goods. These, he added, were entirely unskilled workers and a child could do the work. Indeed, many children, he said, did assist their mothers.

This testimony, which met with a hostile reception from the trade-unionists at the inquiry, was hardly substantiated by a director of a limited company, who said that of the 270 women outworkers employed by his firm 20 per cent earned under 25 cents a week, 35 per cent under 50 cents, 21 per cent under 75 cents, 13 per cent under \$1, 7 per cent under \$1.25, 2 per cent under \$1.50, and 2 per cent under \$1.75. The highest price they paid for carding was 20 cents per great gross and the lowest 10 cents per great gross.

Mrs. Emma Farrington, a contractor for carding, said that the most industrious of the carders did not earn more than \$1 weekly, even if they worked 54 hours a week, and Mrs. Scott, another employer, said an average worker could not earn more than 2 cents an hour.

Other witnesses pointed out that the majority of the women engaged in this class of work entered into it with the object of augmenting their husbands' earnings, but the general tenor of the revelations has created quite a sensation in England, where there is ever a tendency to cry shame when the subject of sweated labor is under notice, but precious little is ever done to remedy the evils.

BRIEF ON BRUSHES, SUBMITTED BY A COMMITTEE REPRESENTING THE IMPORTERS AND DEALERS IN BRUSHES.

To the honorable members of the Ways and Means Committee, House of Representatives:

The undersigned are a committee appointed by the importers and dealers of brushes in the United States to lay before the Ways and Means Committee the facts pertaining to this industry.

Brushes are provided for in paragraph 423 of the tariff, which reads as follows:

"Brushes, brooms, and feather dusters of all kinds, hair pencils, and quills, forty per cent ad valorem."

We recommend that the duty be decreased from 40 to 20 per cent.

The importance of the brush industry has been increasing, owing to the rapid increase in the number of brushes used. This is true of the world at large, and particularly so of the United States, where the campaign of hygiene, which has been carried on among the public generally and in the public schools in particular (in some cities free toothbrushes are given the children), has created an increasing and growing demand for large numbers of toilet brushes. As the demand for brushes increases, it of necessity causes an increased demand for the less expensive grades. This results in a hardship to the consumer, for the reason that the present duty is absolutely prohibitive on brushes selling at retail for 50 cents or under, with the exception of the cheaper grade of nail and tooth brushes. It follows that the public pay more than they should be compelled to pay for the cheap brushes, and at the same time the Government loses a revenue which it could obtain provided the tariff was low enough so as to permit of their importation.

At the present time there are practically no imports of the following kinds of brushes: Paint brushes, varnish brushes, shaving brushes, shoe brushes, scrub brushes, window brushes, barber dusters, feather dusters, and horse brushes. All brushes of the above-mentioned kinds are made largely by machinery, and the improvements in the machinery used in their manufacture in this country has reduced their cost of production so that they are practically shut out from importation, as it is impossible to manufacture them abroad and bring them into this country under the present tariff. This statement is true of all brushes except the cheaper grade of nail and tooth brushes, which are imported. Most of these are made of bone, which is largely exported from the United States, as also the sandpaper, saw blades, and drills used in the manufacture of brushes. (See United States Consular Report No. 119, May 22, 1911, p. 811.)

The manufacture of brushes abroad is confined practically to France, Germany, Japan, and England.

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The importations into this country under paragraph 423, together with the exports for the past 10 years, are as follows:

Total imports and exports, brushes, brooms, etc.

[See H. Doc. No. 145, p. 422.]

Year.	Imports.	Exports American-made goods.	Domestic pro- duction.
1902.....	\$1,153,161.97	\$261,729	.....
1903.....	1,241,552.06	283,994	.....
1904.....	1,370,513.31	275,522	\$21,104,000
1905.....	1,309,959.01	327,083	21,103,776
1906.....	1,381,250.56	366,103	.....
1907.....	1,599,095.82	415,733	.....
1908.....	1,655,849.03	488,392	.....
1909.....	1,437,226.98	494,681	29,126,000
1910.....	1,749,027.35	604,649	29,125,596
1911.....	2,154,957.09	757,181	.....
1912.....	2,078,653.71	¹ 693,143	.....

¹ Only portion of year.

The figures of domestic production given were obtained for the year 1904 from House Document No. 145, page 182, Sixty-second Congress, second session; the figures for 1905 from House Document No. 1503, page 554, Sixtieth Congress, second session; the figures for 1909 from House Document No. 145, page 182, Sixty-second Congress, second session; and the figures for the year 1910 were obtained from Tariff Hand Book, 1913, page 314, by adding together the products under paragraph 423.

In 1907 the imported brushes represented a total of only 10 per cent of the total value of the production of the American factories in this country (see hearings, Schedule N, 1908-9); and in 1909, as is shown by the notes on tariff revision published in 1909 for the use of the Committee on Ways and Means, this proportion had shrunk to about 8 per cent; and from information that we have been able to obtain as to the present status of the industry we are convinced that this proportion is constantly decreasing.

It is to be noted here that these importations are not of brushes alone. They include brooms, feather dusters, and hair pencils, although all but a small percentage are brushes.

The brush industry is one of the old and well established industries of the United States, as is shown by the fact that a tariff has been levied for its protection since the year 1789.

The various tariffs that have been levied on brushes are as follows:

	Per cent ad valorem.
1909, Payne-Aldrich tariff.....	40
1905, Dingley tariff.....	40
1897, Wilson tariff.....	35
1894, act of Aug. 27.....	35
1890, act of Oct. 1.....	40
1883, act of Mar. 3.....	30
1864, act of June 30.....	40
1861, act of Mar. 2.....	30
1857, act of Mar. 3.....	24
1846, act of July 30.....	30
1842, act of Aug. 30.....	30
1789, act of July 4.....	7½

This table shows that in the early days of the American industry when it most needed protection it enjoyed the least, and later when it needed the least protection it has received the most.

In this connection it is worthy of attention that in 1883 the duty was reduced from 40 to 30 per cent by a Republican Congress, showing that even then, 29 years ago, a Republican Congress thought a duty of 40 per cent was excessive.

The American manufacturer in his plea for a high tariff always lays stress upon the point that he is obliged to pay a specific duty of 7½ cents a pound on the bristles which he uses in the manufacture of his brushes, but in making this plea he overlooks entirely the fact that the importer has to pay a rate of 40 per cent on the bristles, as they are part of the manufactured article imported, which is many times in excess of the specific

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rate of 7½ cents a pound on the bristles paid by the American manufacturer. The importer also pays 40 per cent duty on the wood used in brushes, but the expensive brushes of American manufacture are made of imported wood that is brought in free from duty under paragraph 712.

The figures of the importations of bristles furnish reliable data as to the amount of the American production of brushes, for the reason that but few brushes are made in this country from domestic bristles; most of the brushes manufactured here being made from foreign bristles. The importations of bristles has been steadily increasing, as is shown by the fact that in 1894 the value of bristles imported into this country was \$639,030, in 1902 the value of the bristles imported into this country was \$2,018,085, and in 1912 their value was \$2,941,522.

That the American manufacturer is making a good, legitimate profit on his home consumption is shown by the fact that in a specific case a toothbrush made in Florence, Mass., is offered to the domestic jobbing trade at \$23.25 per gross net; this same brush is offered to the Canadian jobber at \$28 net, duty paid. This Canadian duty is 27½ per cent, and this does not take into consideration the agent's commission, freight, and overhead expense, which proves that the Canadian jobber is being offered these goods at a lower price than the American jobber, the Canadian price being in the neighborhood of \$20 or \$21, based on the above calculation.

The exports from the United States into Canada are increasing rapidly, as is shown by the fact that the exports from the United States into Canada in 1908 were valued at \$153,110, and in 1912 were valued at \$217,444. The total importation into Canada from all countries of this class of goods in the year 1912 was \$539,927, and of this amount the United States furnished \$217,444, or about 40 per cent, and this in spite of the fact that the two other large importers into Canada are England and France, both of which enjoy a preferential tariff.

The question of labor is entering less and less into the manufacture of brushes, as the industry is rapidly changing from a hand industry to a machine industry, and this is true not only of the manufacturers in the United States but also those abroad; the manufacturer of the machine claims that the cost of manual labor is reduced 75 per cent by the use of the machines.

In the arguments used previously by the American manufacturer in endeavoring to maintain a high tariff on these goods he has commented on the great difference in the cost of labor here and abroad. But these conditions are not as represented by the American manufacturer, as is shown by Senate Document No. 68, Sixty-first Congress, first session, part 2, page 111; but as stated above, even this item does not figure as prominently as heretofore, owing to the adoption of machines in this industry.

We do not deem it necessary to go into detail as to the question whether or not brushes are a necessity. By the term brushes are included hairbrushes, toothbrushes, nailbrushes, clothes brushes, paintbrushes, varnish brushes, etc. It is self-evident that all of these are necessities and are in general use by all classes of the community, so that the American people are, as a whole, vitally interested in the tax on this class of merchandise.

As some classes of brushes are necessary to the health of the American people, and their more general use is being urged in many ways by our physicians and experts on hygiene, it does not seem as if articles of this nature should bear a heavy tax and thus increase the burden on the poorer classes when they are endeavoring to carry into actual practice the teachings of hygiene so necessary to the health of the individual and of the general community. The United States Government has an opportunity here of not only helping the health crusade, but at the same time of collecting more revenue, provided the duty is reduced to such an extent that these brushes can be imported in larger quantities.

A comparison of the figures given above shows that the production of brushes in the United States is increasing very rapidly; that the imports into the United States from abroad from the year 1902 to 1912 have increased about 81 per cent, while the proportion of imports to the production into this country is steadily declining; that the exports from the United States are steadily increasing, having grown about 165 per cent from 1902 to 1912, these conclusions demonstrate that the present duty is too high and should be reduced to 20 per cent ad valorem, as above recommended.

Respectfully submitted.

ERNEST H. HOLTON.
CHARLES S. WELCH.
ROWLAND H. SMITH.

HARRISON OSBORNE,

Counsel, 34 Nassau Street, New York City.

JANUARY, 1913.

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THE CHAIRMAN. Are there any further questions, gentlemen?

MR. FORDNEY. I want to ask a question or two. You spoke about the raw material out of which those brushes are made, rosewood, mahogany, ebony, all those things, and you say they come in free in the log?

MR. HOLTON. Yes, sir.

MR. FORDNEY. They come in free in the log without manufacture, without labor having been put on the logs?

MR. HOLTON. Yes, sir.

MR. FORDNEY. They are brought in for the purpose of furnishing employment to American labor, of converting the logs into lumber, .. into the finished product. If brought in in a manufactured manner, in any shape or form, then there is a higher rate of duty?

MR. HOLTON. In our particular case 40 per cent. The same wood brought in, manufactured into brushes, takes 40 per cent.

MR. FORDNEY. That depends upon the manner in which it is brought in. It pays 15 per cent ad valorem as rough lumber?

MR. HOLTON. But it is not in rough lumber.

MR. FORDNEY. I know, but that is brought in in that way; it is brought in in the log in large quantity now?

MR. HOLTON. Yes, sir.

MR. FORDNEY. And therefore gives employment to American labor to convert it into lumber, and the relative cost of converting that log into lumber is very great, so far as labor is concerned; not so in getting the log out of the woods; that is a small cost. Therefore, that whole log was to give employment to American labor or to protect American labor if labor had been put upon the lumber?

MR. HOLTON. I think they have been amply protected.

MR. FORDNEY. Have they been more than amply protected?

MR. HOLTON. The figures apparently prove it.

MR. FORDNEY. My friend, let me ask you, you are complaining about men in business making too much money because of the protection given to them, are you not?

MR. HOLTON. No, sir.

MR. FORDNEY. Is not that the position you take, that under protection American labor is employed and capital is overpaid, or something about it, because you want more importations from abroad; is not that it? There is something about it, now; what is it? Is it the profit that American labor and capital makes that displeases you?

MR. HOLTON. No, sir. We are displeased with the fact of being constantly outdistanced.

MR. FORDNEY. What is your business? Are you an importer, a merchant?

MR. HOLTON. I deal in American brushes and import brushes up to a certain price, competing with the American product.

MR. FORDNEY. How much capital has your concern invested?

MR. HOLTON. \$28,000.

MR. FORDNEY. What is the annual volume of business that your firm does?

MR. HOLTON. About five times that.

MR. FORDNEY. What is your profit now on the capital invested?

MR. HOLTON. The net profit?

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Mr. FORDNEY. Yes; your net profit. Anything beyond that is not profit.

Mr. HOLTON. Between 5 and 6 per cent.

Mr. FORDNEY. Do you know whether or not the men engaged in making brushes make a higher rate of interest on the capital invested than you do?

Mr. HOLTON. I do not.

Mr. FORDNEY. Then you have no right to complain about the money they are making, because you do not know what profit they make.

Mr. HOLTON. I know they are a good deal higher rated and more prosperous apparently.

Mr. FORDNEY. But you do not know how much money they do make, do you, on the capital invested?

Mr. HOLTON. They are very careful not to furnish us those figures.

Mr. FORDNEY. You surmise they are making more money than you are, and therefore you want an opportunity to import more foreign goods to displace American capital and labor, and give a larger profit to you. That is the whole gist of your argument, is it not?

Mr. HOLTON. I hope not; I did not intend it for that.

The CHAIRMAN. Your contention is that this duty now levied upon that class of brushes is prohibitory, or a large percentage of it. That is it, is it not?

Mr. HOLTON. On all brushes below a certain price; yes, sir.

The CHAIRMAN. You want the duty lowered so that there will be a reasonable amount of importations coming in?

Mr. HOLTON. Yes, sir.

The CHAIRMAN. And that the American people may have the right of selection?

Mr. HOLTON. That is it, exactly.

Mr. PAYNE. I want to know what that cheapest brush you have there retails for. Suppose I wanted to buy one; suppose the ultimate consumer wanted to buy one?

Mr. HOLTON. A toothbrush or a hairbrush?

Mr. PAYNE. A hairbrush. I do not want that Siamese-twin toothbrush. [Laughter.] I want a hairbrush.

Mr. HARRISON. He is one of the few members of the committee that needs one. [Laughter.]

Mr. PAYNE. Is that the cheapest one [referring to a brush which the witness exhibited]? What does that retail for?

Mr. HOLTON. 40 cents.

Mr. PAYNE. How much does it cost you, the foreign brush, if you want to import it, before the duty is paid?

Mr. HOLTON. About \$3; \$2.95 to \$3.

Mr. PAYNE. What is that?

Mr. HOLTON. \$2.95 to \$3 is the cheapest brush I have ever seen in comparison with that.

Mr. PAYNE. \$3 a dozen?

Mr. HOLTON. Yes, sir.

Mr. PAYNE. 25 cents apiece?

Mr. HOLTON. Yes, sir.

Mr. PAYNE. The duty is 40 per cent—that is, 10 cents apiece. Suppose you got it reduced to 20 per cent, that duty would amount to 5 cents. The landing price would be 30 cents instead of 35 cents.

PARAGRAPH 423—BRUSHES.

Mr. HOLTON. We would still be behind the American brush.

Mr. PAYNE. Do you think you can make this committee believe I could buy those brushes at retail for less than 40 cents?

Mr. HOLTON. I do not think you can.

Mr. PAYNE. If it is reduced that way?

Mr. HOLTON. If it is reduced you can.

Mr. PAYNE. Oh, you never have had much experience in that, I guess. That duty has been kept up pretty regularly since almost back to 1842 at 35, 40, and 45 per cent. You would find the whole profit was absorbed. I am not sure if the duty was taken off that the difference would be taken by the wholesaler and the retailer, and the ultimate consumer would have to suffer. If I understand you, you want that in your business to increase your profits, and for no other reason I can see that you have adduced here.

Mr. HOLTON. We want to enter into competition with the American manufacturer on a basis plane, which we can not do now.

Mr. PAYNE. You want to be so as to compete with the American manufacturer, do you?

Mr. HOLTON. On a competitive basis.

Mr. PAYNE. Would it not cut his profits, with the duty off?

Mr. HOLTON. No, sir.

Mr. PAYNE. Or his labor ratio, or something else?

Mr. HOLTON. No, sir.

Mr. PAYNE. He would not get as high profits if we cut down the duty, would he?

Mr. HOLTON. I think he would, because the item is mostly machine labor, not manual labor.

Mr. PAYNE. It would not be of benefit to me or to the rest of the gentlemen here that want to buy a brush sometimes.

Mr. HOLTON. I think you will find it would.

Mr. PAYNE. I have had some experience in that, and I have never found it yet.

Mr. HILL. If I understand you correctly that brush cost you 25 cents and you sold it at 40 cents?

Mr. HOLTON. No, sir; I did not say that.

Mr. HILL. I thought you answered Mr. Payne that it cost you 25 cents and you sold it at 40 cents.

Mr. HOLTON. It cost me \$3.19 per dozen.

Mr. HILL. That would be about 26 cents?

Mr. HOLTON. Twenty-seven cents.

Mr. HILL. And you sell it at 40 cents?

Mr. HOLTON. No, sir; at 31 cents.

Mr. HILL. That is an American brush.

Mr. LONGWORTH. Mr. Payne asked you about the foreign brush.

Mr. HOLTON. They sell these domestic brushes to us for \$3.19. The nearest thing that I have seen to it in a foreign market costs us \$2.97, exclusive of duty and ocean freight.

Mr. LONGWORTH. You mean before you pay the duty?

Mr. HOLTON. Before the duty is paid on the other side.

Mr. LONGWORTH. How much is that, for that brush?

Mr. HOLTON. For that brush?

Mr. LONGWORTH. Yes.

PARAGRAPH 423—BRUSHES.

Mr. HOLTON. About 24 cents.

Mr. LONGWORTH. The duty is 40 per cent?

Mr. HOLTON. Yes, sir.

Mr. LONGWORTH. That is about 10 cents—34 cents.

Mr. HOLTON. Then you have your ocean freight, consular charges, and entrance fees.

Mr. LONGWORTH. So that the ultimate consumer really gets this brush cheaper than he would if the duty was reduced to 20 per cent?

Mr. HOLTON. I think not. I do not know by what process of reasoning you arrive at that. He has to pay 40 cents for the domestic brush because there is nothing else that he can buy in competition with it.

Mr. LONGWORTH. He gets that for 27 cents now, does he not?

Mr. HOLTON. We buy the domestic brush for 27 cents, not the consumer.

Mr. LONGWORTH. What does the consumer pay?

Mr. HOLTON. We buy this brush and sell it over again.

Mr. LONGWORTH. What does the consumer pay?

Mr. HOLTON. Forty cents.

Mr. LONGWORTH. That sells for 40 cents?

Mr. HOLTON. Yes.

Mr. LONGWORTH. Then you made a 30 per cent profit, did you not?

Mr. HOLTON. No, sir; we get \$3.75 a dozen for the domestic brush; we pay \$3.19 and get \$3.75. We allow the trade the same discount as we get, of 2 per cent. So it nets us \$3.68.

Mr. FORDNEY. You can buy that and sell it for less money than you can buy a similar brush from the foreigner?

Mr. LONGWORTH. Just a minute. Let us get these figures straight. You say that it costs you 24 cents abroad?

Mr. HOLTON. That is the cheapest brush I have ever seen in comparison with this.

Mr. LONGWORTH. You add 20 per cent to that; that is 5 cents, is it not? That would make 29 cents. Twenty per cent of 24 is about 5?

Mr. HOLTON. That is right.

Mr. LONGWORTH. That would be 29 cents.

Mr. HOLTON. And then there will be another 5 per cent—

Mr. LONGWORTH (interposing). To cover the cost of handling?

Mr. HOLTON. At least that.

Mr. LONGWORTH. Then the brush brought into this country that retails at 27 cents to the ultimate consumer is less than the brush would be, according to your proposition, with a 20 per cent tariff?

Mr. HOLTON. This price of \$3.19 includes their profit here. We have to add the additional cost to the foreign brush.

Mr. LONGWORTH. At that the consumer gets it cheaper?

Mr. HOLTON. No, sir; they would still be underselling us.

Mr. LONGWORTH. Not according to your figures. You would have to revise them.

The ACTING CHAIRMAN (Mr. Harrison). Are there any other questions, gentlemen? That is all, Mr. Holton. We thank you.

PARAGRAPH 423—BRUSHES.

The following memorandum was subsequently filed:

MEMORANDUM SHOWING SOME OF THE DISCREPANCIES EXISTING IN BRIEFS AND TESTIMONY OF AMERICAN MANUFACTURERS OF BRUSHES.

COMMERCIAL BRUSHES NOT IMPORTED.

Mr. Bonner states that the brushes used for decorating inside and outside of every building to a great extent are made abroad, while the brief of the Universal Brush Co., in common with seven other brush manufacturing companies, states that the United States imports no heavy paint brushes, which is true, as stated in the importers' brief, as all kinds of industrial or commercial brushes are not imported at the present time, owing to the high rate of duty.

COST OF LABOR.

The briefs of the American manufacturers vary as to the percentage of the cost of the brush paid for labor from 20½ to 60 per cent. When it is considered that the brush industry is rapidly being converted into a machine industry from a hand industry, we feel that the present rate of 40 per cent is much higher than the actual difference in the cost of labor. This is fully borne out by the testimony of Mr. Bonner, one of the largest American manufacturers, in which he states that in the last 25 years the quality of hair brushes and toilet brushes has been improved about 60 per cent and the cost has been reduced 75 per cent.

COST OF BRISTLES.

The Florence Manufacturing Co., of Florence, Mass., states that the duty on bristles is nearly 3 per cent of the cost of the bristles. The Grand Rapids Brush Co. say that in the cheaper grades the duty becomes a large factor and amounts to from 33½ to 25 per cent of the cost of the bristles used. Upon inquiry we find that the cheapest bristles in value are worth 40 cents a pound and pay a specific duty of 7½ cents per pound, or 19 per cent ad valorem, while paint-brush bristles average from \$1.50 to \$2 per pound, with a duty of 7½ cents per pound, amounting to 4 per cent ad valorem. Hair-brush bristles are worth from \$3 to \$7 per pound, with a duty of 7½ cents, amounting to 1½ to 2½ per cent ad valorem. These figures show that the statement of the Florence Brush Co. is correct on that point.

INCREASED DUTY LESSENS IMPORTATIONS.

The American manufacturers ask that the duty of 40 per cent be increased to 50 per cent, stating that the increased duty will lessen the importations. It therefore follows that a decreased duty will increase the importations.

SALABILITY OF AMERICAN BRUSHES VERSUS FOREIGN BRUSHES.

The statement that the foreign-made brushes are favored by the buying public is contradicted on page 28 of the current issue of *Fabrics, Fancy Goods and Notions*, as follows:

"Some years ago the statement that a brush was imported was supposed to be a clincher by the average brush salesman. To-day, however, such a statement carries no weight with the customer of average intelligence, but in many instances really depreciates the value of the brush shown."

This shows that the demand for the American brushes equals the demand for foreign brushes.

AMERICAN MANUFACTURER ABLE TO UNDERSELL FOREIGN BRUSHES.

The brief of eight American manufacturers states that the American toilet-brush manufacturer succeeds in producing brushes of equal quality to the foreign article and is able to sell them at from 10 to 25 per cent below the prices of the foreign brushes.

The status of this industry can be summed up as follows: The American brush production is increasing rapidly. Importations are limited to certain classes of brushes, and in these classes, while the imports are increasing, they are not keeping up with the increased consumption, and the ratio of imports to American consumption is steadily decreasing.

PARAGRAPH 423—BRUSHES.

TESTIMONY OF COL. JOSEPH C. BONNER, OF TOLEDO, OHIO.

Mr. BONNER. Mr. Chairman, I am pleased that this gives me an opportunity to correct figures given to you a few moments ago by Mr. Holton, brush importer, of New York, that the manufacture of brushes in this country amounted in the aggregate to \$29,125,000.

For the information of this committee, and because it has been a matter which has been presented to previous Ways and Means Committees and also to the Finance Committee of the Senate, I will say that paragraph 423, which includes brooms as well as brushes—

Mr. HARRISON. If you will pardon me, brooms are utterly a negligible quantity. There are none coming in.

Mr. BONNER. It was stated awhile ago that there were \$29,000,000 worth of brushes manufactured here and \$14,000,000 worth of brooms. The chairman made the statement that the imports of brushes amounted to 7 per cent of the manufacture, and the other gentleman, Mr. Holton, stated about 8 per cent. Twenty-nine million one hundred and twenty-five thousand dollars is the total manufacture of both brushes and broom-corn brooms. Of the latter class the production is 150,000,000 and amounts to \$15,000,000. This amount must be subtracted from Mr. Holton's figures and leave the brush production \$14,000,000. If in the rearrangement of the tariff law brooms are put into a different schedule, it would be the only correct way, for the reason that broom corn is a vegetable matter that is grown in our country; it is a separate industry and has nothing whatever to do with brushes. It is not imported except to the extent of a thousand or two dollars. Personally I have never heard of our American broom corn being grown abroad. But it is exported to a very considerable extent, and the brush schedule changed with it. According to the information of the manufacturers of brushes in this country, there are practically no brushes exported. We, ourselves, that is speaking for the Ames-Bonner Co., at Toledo, do not export at all.

Mr. HARRISON. Perhaps I do not understand what you are saying. I understood that you are trying to correct what you believe to be some mistakes in the testimony of Mr. Holton, and I think I understood you to say just now that in the previous census brooms and brushes have been ranked together. It is true that according to the census report for 1905 the American production of \$21,000,000 included both brooms and brushes. When we get to the census of 1910, there are \$19,431,000 worth of brooms, and then a census figure of \$14,624,000 worth of brushes, and of the imports in 1910 the brushes were \$1,774,000, about 8 per cent, as he stated. The imports are given entirely under the head of brushes, feather dusters, and hair pencils, and there are no exports given to us of brooms at all.

Mr. BONNER. It is difficult to understand it unless there are two schedules for brooms and brushes, for there was an amendment of that character presented to the Finance Committee of the Senate when the last bill was under consideration. You have no way of knowing what the export of brushes is. The manufacturers in this country say that they do not export at all. The Ames-Bonner Co. do not export a dollar's worth.

PARAGRAPH 423—BRUSHES.

Mr. HARRISON. Excuse me. I have noticed that nearly every manufacturer appears here and claims that there is no export in his line of goods, and he is very much amazed to find that the Census Bureau reports that there are exports in his line. The committee have a right to rely upon the figures that the Census Bureau has given us, and those figures do not show any exports of brooms at all, but do show seven hundred thousand dollars' worth of brushes, feather dusters, and hair pencils exported. So even if your information is that there are no exports you will have to produce a little more evidence before the committee before we can correct those figures.

Mr. BONNER. I really meant to be correct, because I stepped into the other room and asked the clerk if brooms and brushes were segregated in the export item, and he gave me the information that they were not.

Mr. HARRISON. Possibly you are correct.

Mr. BONNER. They are separated in the imports, but given as one item in the exports. I believe the gentleman meant to be right. He says the manufactures were——

Mr. HARRISON. That would be 7 per cent.

Mr. BONNER. Seven per cent of \$29,000,000? Brushes plus brooms.

Mr. HARRISON. About 15 per cent.

Mr. BONNER. Yes, sir. I am not intending to reply to the witness, however. That brings me to a point which I can properly state as a witness, and that is of the class of brushes, toilet and artist brushes, to which reference was made—that is, about 60 to 75 per cent of the amount manufactured in this country are imported.

The statement has been made here with reference to using child labor in making brushes. Drawing bristles through brush blocks a couple of decades ago was very similar and primitive custom to the use of a needle and thread in sewing prior to the introduction of sewing machines. The women and children employed in this work are at home. They are surrounded by their own family. They take a clamp and screw it to a table; the brush block is tightened, and they draw the bristle through the brush block. They can stay right at home, and if there are any children employed anywhere in the United States that way, I am satisfied that it is under cover of the home. I do not know of anything of the kind in Ohio—my State—because we can not employ minors under 16 years of age but eight hours a day, and then only down to 14 years. In the manufacture of the brushes of the grades of samples that were shown here by Mr. Holton from Grand Rapids, Mich., in Mr. Fordney's State in this country, the most intelligent machinery, automatic machinery, that can be conceived is used in the making of brushes. In ingenuity it is similar to the linotype machine used in connection with printing. The brush block is put into a machine; it bores the holes, puts the bristles in, and when the machine has completed its work of making a complete brush, stops. If there is any error in the machine in the making of a brush, it stops of itself. Under those conditions within the last 25 years that I have been associated, the quality of hairbrushes and toilet brushes of every kind

PARAGRAPH 423—BRUSHES.

that have been used in the family have improved in their manufacture about 60 per cent, and I should say that the price has been reduced 75 per cent. I had never before heard of that statement that our industry was in any sense using tenement house labor until I heard it to-day, except as I have qualified it. Almost all toilet brushes are now machine made.

We are asking, as we did yesterday, and others following me may ask, to change the rate from 40 to 50 per cent, and it is because of the terrific increase in importation of Japanese goods, which has amounted to 3,856 per cent since the McKinley law was enacted. I was handed by a gentleman since I have come into the room a clipping taken from a paper. It seems to be a cable dispatch under date of January 11 from Berlin. It explains how labor lives in Germany at \$10.50 per week, in comparison with American labor at \$18.

The use of the flesh of dogs as a food for man is becoming common, even in the capital.

From necessity the German workingman has long made horse meat a substantial portion of his daily fare, but while Saxony consumes thousands of dogs annually, the practice of eating this meat has not until recently invaded Prussia.

Now the overseers of the Berlin cattle yards have given their approval of the proposal to erect a municipal slaughterhouse for dogs at the yards, and it is expected that the police president will soon issue the required permit.

Now, the brush manufacturers in that country are paying dividends of something like 15 per cent. In one city there they employ over 3,000 people, and those goods are coming in here at a terrific rate. According to a Japanese financial statement, the last Imperial statement that I have seen issued shows that their labor is paid, the men over 14 years, something like twenty-four and a fraction cents; the women over 14 years, nineteen and a fraction; boys under 14, nine and a fraction, and the women seven and a fraction. Three times as many women are employed in the industry as men. American labor costs 15 times as much as Japanese labor.

For us to compete with the tremendous importation of toilet and artists' brushes means annihilation. We are asking 50 per cent instead of 40 per cent. We do not expect protection. Fifty per cent will not give us protection. It would take 75 per cent to give us any sort of protection, and we do not think 50 per cent will lessen the percentage of imports—50 per cent duty will only stay the annual increase somewhat.

There has been another statement to the effect that toothbrushes are being sold here at prices that are ranging from 10 to 25 cents. I administered the customs at Toledo under two presidential administrations, and just before leaving home I received direct information from the customhouse to the effect that Japanese toothbrushes, imported directly for one of our department stores—a good quality toothbrush, for 2 cents apiece.

The CHAIRMAN. Mr. Bonner, your time has expired.

Mr. BONNER. I thank you.

PARAGRAPH 423—BRUSHES.

TESTIMONY OF WILLIAM CORDES, TREASURER OF THE FLORENCE MANUFACTURING CO., FLORENCE, MASS.

The witness was duly sworn by the chairman.

Mr. CORDES. Mr. Chairman and gentlemen of the committee, I have a brief that I have already presented to your honorable chairman, but have another copy if you prefer it. I would like to supplement it by a few brief remarks.

This afternoon in a statement that was made by Mr. Holton, representing some importers, regarding the brush industry, he referred specifically to my company on page 5 of his printed brief, in which he stated that we were shipping into Canada Prophylactic tooth-brushes at a less price than we were selling them at in America. I simply wish to state that perhaps Mr. Holton made this statement with partial knowledge only. He says here that we sell the goods in America for \$23.25 and in Canada for \$21. He forgot, or perhaps he did not know it, that there is a discount from that \$23.25 of \$3.75. We get a net price of \$19.50 in America, and we sell the few brushes which we export at the same price abroad.

Mr. HARRISON. Let me interrupt you a moment. Is not your rate, instead of being \$23, as a matter of fact \$27 per gross to the jobbers in this country?

Mr. CORDES. To jobbers, less 20 brushes that we give as a discount, and less 20 brushes that we give to the retailers as a discount.

Mr. HARRISON. Twenty-seven dollars per gross is the price of tooth-brushes to the jobbers?

Mr. CORDES. That is the price.

Mr. HARRISON. From that you deduct the bonus, which amounts to 20 brushes?

Mr. CORDES. Yes, sir; or \$3.75.

Mr. HARRISON. Supposing that the jobber does not sign your selling agreement, does he get that bonus?

Mr. CORDES. No, sir.

Mr. HARRISON. It is given only to the jobbers if they agree not to sell below a certain price?

Mr. CORDES. A minimum price.

Mr. HARRISON. So you have a selling agreement with all the jobbers to whom you sell, and unless they agree to that they do not get the bonus of \$3.75?

Mr. CORDES. Yes, sir.

Mr. HARRISON. So your price is \$23.25 net to the good, well-behaved jobber?

Mr. CORDES. Our jobbers all behave.

Mr. HARRISON. I judge they all sign the selling agreement.

Mr. CORDES. We have never been obliged to take anybody off that list. We have never refused to sell anybody.

Mr. HARRISON. You never blacklisted any of your jobbers?

Mr. CORDES. No, sir.

Mr. FORDNEY. Even though they violated the agreement and sold below the minimum?

Mr. CORDES. We have never had occasion, because they have never gone below the minimum.

PARAGRAPH 423—BRUSHES.

Mr. FORDNEY. They have to be good or they can not get the goods?

Mr. CORDES. No, sir; anybody gets the goods.

Mr. FORDNEY. Then why do you have that agreement?

Mr. CORDES. To maintain the price. If a jobber does not sign the agreement, he buys as a retailer, and the retail price is exactly the same.

Mr. FORDNEY. You do not help the jobber out very much, do you?

Mr. CORDES. He sells the goods at \$27 a gross and gets a profit of 14 per cent.

Mr. FORDNEY. But you say you will sell to the retailer at the same price.

Mr. CORDES. Yes, sir.

Mr. FORDNEY. If they sell below a certain price, you do not discriminate, although you give them to understand you will if they do not live up to that agreement?

Mr. CORDES. We simply speak to them.

Mr. FORDNEY. And they behave?

Mr. CORDES. Yes, sir.

Mr. FORDNEY. The child learns his lesson and knows it well.

Mr. CORDES. We have never taken anybody off that list and never have refused to sell to anybody. I would not refuse to sell them under any circumstances. I do not think that would be fair.

Mr. FORDNEY. Why do you make the agreement?

Mr. CORDES. The agreement is simply to keep them from slashing the prices all to pieces.

Mr. FORDNEY. But if they do slash prices to pieces you will forgive them, and kill the fatted calf?

Mr. CORDES. They simply say, "We will not do it any more."

Mr. FORDNEY. Oh, "We will be good now."

Mr. CORDES. Yes, sir.

Mr. HULL. This kind of trade agreement does not exist in other lines of business, does it?

Mr. CORDES. I do not know, I am sure; perhaps it does.

Mr. FORDNEY. If any man in the manufacture of lumber or steel or cotton or wool should make an agreement of that kind, he would be before the Supreme Court in 15 minutes. Why are not you there? That is a violation of the Sherman antitrust law.

Mr. CORDES. If it is, I will stop it right off.

Mr. KITCHIN. He is not there because the Republican administration would not enforce the law against him. [Laughter.]

Mr. FORDNEY. We will wait and see what the Democrats do. I will watch that. [Laughter.]

Mr. CORDES. I do not think it is fair to make this a political matter. I want to be fair. If it is not right, I will fix it so that it will be right. I do not propose to violate any law. I never have violated any law.

Mr. FORDNEY. There has been case after case before the Supreme Court involving an agreement of that kind as being in violation of the Sherman antitrust law.

Mr. CORDES. The matter has never been called to my attention in that way. In fact, I can not find an attorney that will interpret that in that way. I have had this matter before several attorneys, and they tell me we are entirely within the law.

PARAGRAPH 423—BRUSHES.

Mr. FORDNEY. The Tobacco Trust was punished for that very same thing, and the Rubber Trust—they have been after the Rubber Trust, but I do not know whether they got them.

Mr. CORDES. My understanding is that if you can prove that I am violating the Sherman Act or discriminating—but I am not discriminating.

Mr. FORDNEY. My dear friend, I do not have to prove it, if you will admit you have an agreement of that kind. The Supreme Court has repeatedly decided that it is an agreement in restraint of trade and therefore is in violation of the Sherman antitrust law.

Mr. CORDES. Has that any relationship to the question of establishing the price of an article or the tariff on it?

Mr. FORDNEY. Your price that you give as a minimum price to the merchant or retail man has nothing to do with the tariff.

Mr. CORDES. That is simply a statement that I was trying to make. I could not see why Mr. Harrison asked the question, because all I was trying to show was that we get the same price here that we are getting elsewhere.

Mr. HARRISON. To turn your thoughts to pleasanter paths—for we do not want to embarrass you, and do not desire to embarrass any person—I seriously asked the question about your prices here and in Canada for the reason that you have suggested that a witness this afternoon was mistaken when he said that the prices to the jobbers were cheaper in Canada than in the United States on the prophylactic toothbrush. You have just testified that all the jobbers who were good—and you said they were all good—get your toothbrushes at \$23.75 a gross. Is that correct?

Mr. CORDES. \$23.25; yes, sir.

Mr. HARRISON. \$23.25. At what price do you sell them per gross to jobbers in Canada?

Mr. CORDES. We sell the brushes in Canada at \$27, I think the price is, and the duty brings the net somewhere in the neighborhood of \$21.

Mr. HARRISON. Then \$21 in Canada and \$23.25 in the United States—

Mr. CORDES (interposing). Mr. Harrison, on top of that we have to give the retailer 20 additional brushes; we carry a liability on our books, for every gross we send out, of an additional 20 brushes that the retailer gets, which is another reduction of \$3.75.

Mr. HARRISON. The jobber in Canada does not get a discount, does he?

Mr. CORDES. No, sir.

Mr. HARRISON. But your jobbers' price per gross in Canada is \$21, counting out the duty?

Mr. CORDES. Yes, sir.

Mr. HARRISON. And it is \$23.25 to the good jobbers in the United States?

Mr. CORDES. Yes. But what am I going to do with the other 20 brushes that I have charged against me a liability that go to the retailer? They are provided for and it is an additional discount. I do not get that in cash.

Mr. HARRISON. But I am not interested, for the purposes of this question, in your activities as a distributing agent; but as a manu-

PARAGRAPH 423—BRUSHES.

facturer it is a fact that your prophylactic brushes per gross are sold for \$23.25 in the United States to jobbers?

Mr. CORDES. Yes.

Mr. HARRISON. And \$21 per gross, duty off, to Canadian jobbers?

Mr. CORDES. That is right.

Mr. HARRISON. Therefore the witness this afternoon seems to be well informed when he made that statement?

Mr. CORDES. I do not think he was wholly right. I sell them with that other handicap for which you do not give me credit.

Mr. HARRISON. I think in the further process of distribution I can see the point; but just as a manufacturer, selling to the jobber, and assuming that your activities end there, it is true that your price is less to the jobber in Canada than to the jobber in the United States.

Mr. CORDES. Your viewpoint and mine are wholly different. I do not see how it is, because I am basing my statement on the fact that I am not getting the money. I am only getting \$19.50 per gross net here. That is all I am getting.

Mr. HARRISON. No; I think you started with \$27 per gross as your price, and then the discount to the jobbers brought it down to \$23.85?

Mr. CORDES. Yes.

Mr. HARRISON. For the purpose of discussing the attitude of the manufacturer toward the tariff, his price to the jobber is the only thing which we are warranted in taking into consideration. We have no right to assume the manufacturers are also their own selling agents and to pursue the brushes through to the retailer.

Mr. CORDES. I do not think that is fair.

Mr. HARRISON. I am not trying you. This is not a court of law and I am not pronouncing judgment on you; but you questioned the accuracy of the statement of a witness, and I think you have yourself proven he was accurate in making the statement.

Mr. CORDES. So far as he went, but I want to have it accurate as to the rest of the proposition. I only get \$19.50 a gross.

Mr. HARRISON. Have you a selling agreement with the retailers?

Mr. CORDES. Yes.

Mr. HARRISON. And they get a discount if they are good?

Mr. CORDES. Yes, sir.

Mr. HARRISON. And it is pretty ironclad arrangement you have, is it not?

Mr. CORDES. No; it maintains a minimum selling price of 25 cents, to which we were forced to come down in competition with foreign manufacturers. They made it impossible to sell the brush beyond that. Twenty-five cents is the retail price. We say to them, "If you do not sell at less than 25 cents, we have to stand for that other 20 brushes," and it makes the brushes net us \$19.50 a gross, and you can not figure it any other way.

Mr. HAMMOND. Do I understand the brushes are worth \$23.75 a gross?

Mr. CORDES. Yes, sir.

Mr. HAMMOND. And you sell to the American jobber for \$27 and then you hand him \$3.75 in brushes?

Mr. CORDES. Yes, sir.

Mr. HAMMOND. You sell to the Canadian for \$21, and you hand him 20 brushes?

PARAGRAPH 423—BRUSHES.

Mr. CORDES. No, sir.

Mr. HAMMOND. How do you get down to \$19.50?

Mr. CORDES. Because we go to the retail dealer in the United States and hand him 20 brushes. I think that is very clear.

Mr. HARRISON. Do you give 20 brushes to your customers too?

Mr. CORDES. Hardly.

Mr. HAMMOND. Then you turn back 20 brushes to the wholesaler and you turn to the wholesaler 20 more brushes for the retailer?

Mr. CORDES. No; we send the brushes to the retailer himself. He sends us a certificate found in every box of brushes, and when that certificate comes to us we send him the brushes for it. The jobber does not have anything to do with that distribution of the retailer's 20 brushes.

Mr. HAMMOND. That makes the \$19.50 you really get out of these brushes sold in the United States?

Mr. CORDES. Yes, sir.

Mr. HAMMOND. You sell the same brush for \$21 in Canada?

Mr. CORDES. Yes, sir.

Mr. HAMMOND. Do you return any brushes to the Canadian jobber?

Mr. CORDES. What do you mean by returning them?

Mr. HAMMOND. Do you distribute these 20 brushes among the Canadian jobbers?

Mr. CORDES. No; we do not.

Mr. HAMMOND. So there are no certificates in the boxes you sell in Canada?

Mr. CORDES. No, sir.

Mr. HAMMOND. Then, according to your statement, you get \$19.50 for brushes sold in the United States and \$21 in Canada?

Mr. CORDES. Yes, sir; that is right. That was what I was going to say. The gentleman said, "In the neighborhood of \$20 or \$21." I claim we sell them the same practically the world over.

Mr. HULL. I do not understand exactly about this trade agreement. Does this extend to other rival businesses here and elsewhere? Do they maintain the minimum price?

Mr. CORDES. What do you mean by other businesses?

Mr. HULL. Other rival businesses. I understood you to say a moment ago that you were obliged to fix this on account of the action, I think you said, of the foreign trade.

Mr. CORDES. I say, fix the retail price.

Mr. HULL. Do they fix the retail price in other countries?

Mr. CORDES. I do not know about that. I do not think so. We have no jurisdiction over them, and do not try to have. In fact, we do not have any jurisdiction over any of them. If a retailer does not want to sign this agreement, and does not want to keep up the prices, he can do as he pleases. He can give the brushes away.

Mr. HULL. Do other concerns, engaged in the business of manufacturing, fix the same retail price?

Mr. CORDES. I think there are such in various lines; yes.

Mr. HULL. Does that extend generally over this country?

Mr. CORDES. I think so; yes, sir.

Mr. HULL. Is that through an understanding among you and other—

Mr. CORDES. Absolutely not.

PARAGRAPH 423—BRUSHES.

Mr. HULL. Each one has proceeded separately to arrange the same trade agreements, so as to limit the retail price at 25 cents?

Mr. CORDES. As it affects their own particular line of business; certainly.

Mr. HULL. Well, the price limit of 25 cents which they fix, I suppose, is upon a similar article in quality and merit, is it not?

Mr. CORDES. As far as I know. I do not know of any other article in our particular line. Please remember, so far as toothbrushes are concerned, there are only a few made in this country. Our company and the Rubberset Co., of Newark, N. J., and the Celluloid Co., of New York, I think, are the only American toothbrush manufacturers.

Mr. PALMER. How long have you been making toothbrushes?

Mr. CORDES. About 20 years.

Mr. PALMER. The Prophylactic brush?

Mr. CORDES. Yes, sir.

Mr. PALMER. Was that a patented brush?

Mr. CORDES. It was. The patent has expired.

Mr. PALMER. The patent was on the method of making it?

Mr. CORDES. The construction of the bristle head.

Mr. PALMER. The back?

Mr. CORDES. The serration of the bristles, Mr. Congressman.

Mr. PALMER. That patent has expired?

Mr. CORDES. Yes, sir.

Mr. PALMER. Where is the plant located?

Mr. CORDES. Florence, Mass.

Mr. PALMER. How large a plant is it?

Mr. CORDES. We employ about 500 people, but we make other things besides toothbrushes. We make hairbrushes, clothes brushes, military brushes, toilet sets, and hand mirrors.

Mr. PALMER. You make them all in your factory, do you?

Mr. CORDES. Yes; we make them all in our factory.

Mr. PALMER. Do you not send some of them out?

Mr. CORDES. Yes; we send out some.

Mr. PALMER. Then, you do not make them all in your factory?

Mr. CORDES. What I mean is, a few toothbrushes we do not make in the factory. We do not draw the bristles in the factory. Ninety-five per cent of our goods are made in the factory, however.

Mr. PALMER. And where are the other 5 per cent made?

Mr. CORDES. A few in the homes.

Mr. PALMER. By what kind of labor?

Mr. CORDES. By women.

Mr. PALMER. And children?

Mr. CORDES. No, sir.

Mr. PALMER. Is it not a fact that the manufacture of these prophylactic toothbrushes in the homes of the poorer classes in your neighborhood has come to be something of a scandal—the employment of child labor?

Mr. CORDES. No, sir; it is not, sir.

Mr. PALMER. You do not do much of that?

Mr. CORDES. No; I say its becoming a scandal is not true.

Mr. PALMER. Well, it is a fact that there has been much criticism of it, is it not?

PARAGRAPH 423—BRUSHES.

Mr. CORDES. No, sir; I do not know of any criticism.

Mr. PALMER. You do not?

Mr. CORDES. No, sir; I do not see why there should be. If there would be, I would know it. I happen to be the president of the Society for the Prevention of Cruelty to Children in my city.

Mr. PALMER. Perhaps that is the reason there is no criticism.

Mr. CORDES. No; I do not think so. The position is honorary and I think if anything was the matter, the agent would call my attention to it pretty quickly.

Mr. PALMER. I am not meaning to cast any reflection——

Mr. CORDES (interposing). I am very glad you asked that question, because I want to state the exact facts. Some of the women who do that work in our city are from the best families in Northampton and Florence. They come to our factory in carriages, and get the goods. They want this work for a little pin money. It is a very small item.

Mr. PALMER. Do they return the goods to you in automobiles?

Mr. CORDES. They sure do.

Mr. PALMER. They do?

Mr. CORDES. Yes, sir.

Mr. PALMER. How about these other manufacturers of tooth-brushes; are their methods the same as yours?

Mr. CORDES. As far as I know.

Mr. PALMER. The other two companies——

Mr. CORDES (interposing). The Newark company, I think, do so as well.

Mr. PALMER. They send some of them out to the homes?

Mr. CORDES. I think so.

Mr. PALMER. Where they are worked upon by children—some of them?

Mr. CORDES. I do not know anything about that, Mr. Congressman, except our particular case. I could not tell you.

Mr. PALMER. Have you been a prosperous concern in the last 20 years?

Mr. CORDES. Why, fairly so.

Mr. PALMER. Have you made as much return on your capital as you feel you are entitled to?

Mr. CORDES. I think we have; yes. It has been decreasing right along.

Mr. PALMER. It has been decreasing?

Mr. CORDES. Yes; a little bit; not a great deal.

Mr. PALMER. Has your product increased or decreased?

Mr. CORDES. The product has increased a little. The cost of manufacturing has increased; labor is higher and materials are higher.

Mr. PALMER. Well, what are you asking for here? The retention of the present duty?

Mr. CORDES. Yes.

Mr. PALMER. You want the same duty to remain?

Mr. CORDES. Yes. Why, we think the brush industry, as an industry, is not protected under the present circumstances. We think the duty should be 50 per cent.

Mr. PALMER. You want it raised?

Mr. CORDES. Yes.

PARAGRAPH 423—BRUSHES.

Mr. PALMER. What do you want to accomplish by that?

Mr. CORDES. Well, I think if we could have the duty raised to equalize the difference in the cost of labor between Japan and this country it would help us a great deal.

Mr. PALMER. Would that make it possible for you to increase the price of your product?

Mr. CORDES. No, sir; it would not. It would make it possible for us to make other goods that we can not make now—the low-priced toothbrushes, for instance. The statement was made by Mr. Holton, who referred to one of our advertisements, in which he stated we were guaranteeing a 10-cent brush. That is true. That brush is made from what we call factory seconds of our goods, which we can not market in any other way, and we simply put them out under another brand and try to sell them.

Mr. HARRISON. Is it not true that even though you may call them “seconds” you have guaranteed them, and the advertisement does not say a thing about their being seconds?

Mr. CORDES. We guarantee them as a 10-cent brush. If they are not satisfactory, we will take them back.

Mr. HARRISON. You do not say anything in your advertisement about their being seconds, do you?

Mr. CORDES. No.

Mr. HARRISON. So far as the public is concerned, they have a right to assume they are of the first grade?

Mr. CORDES. My dear sir, we do not call them Prophylactic toothbrushes. We call them “Keepclean” brushes.

Mr. HARRISON. Call them what?

Mr. CORDES. Keepclean brushes. That is simply a factory condition that exists in every factory in the world.

Mr. PALMER. You say you want this duty raised in order to protect you from the cheaper labor of the foreigners?

Mr. CORDES. Yes.

Mr. PALMER. Which would protect you in the cheaper brush?

Mr. CORDES. Yes.

Mr. PALMER. So far as the 25-cent brush is concerned, you are not asking for any protection?

Mr. CORDES. No; not so far as our specialty is concerned. In so far as our particular brush is concerned, I do not think we need it.

Mr. PALMER. Of course, the 50 per cent duty would never be levied upon that, because that it is your particular article?

Mr. CORDES. Yes; it is a specialty.

Mr. PALMER. Yes; it is a specialty.

Mr. CORDES. Yes. We have spent money advertising it.

Mr. PALMER. Now, how much do you pay your labor in making these cheap brushes that you make now, when you send them out to the homes?

Mr. CORDES. The same price that we do the higher grade goods. We can not make any difference.

Mr. PALMER. Well, what is that?

Mr. CORDES. We pay our labor—for instance, the men who make the bone handles—up to \$18 a week.

Mr. PALMER. And down to what?

PARAGRAPH 423—BRUSHES.

Mr. CORDES. Well, we go down as low as \$9—\$10 a week—nine to ten dollars a week. We have nothing under that, except, of course, this outside labor in drawing bristles is \$2.35 a gross.

Mr. PALMER. That is what I am asking about.

Mr. CORDES. Against \$1.35, I think I stated, in the brief—I do not recall now—abroad for the same work.

Mr. PALMER. How long does it take one of those tenement house workers up in your country to do a gross, for which they get \$2.35?

Mr. CORDES. Oh, a couple of days; two or three days; some do not do more than a gross a week. It depends upon what time they have. They do it in the evenings, or something of that kind, just as if they were sewing. I am very glad you asked those questions. I will tell you further we have an inspector who goes into all these homes and sees that they are perfectly sanitary, and we withdraw all machines where they are not sanitary. The Social Service League has assisted us in that work, and do right straight along, and in any case at all where people are found to be in ill health or anything of that kind we simply withdraw them immediately or do not allow them to go in if the cases are presented to us.

Mr. PALMER. How often are your inspections made?

Mr. CORDES. Our inspections are made continually. We have a man ourselves who goes around all the time. How often the Social Service League goes, I could not tell you. I do not know. That is an outside matter altogether.

Mr. PALMER. And you have all that done to protect 5 per cent of your product, that is done outside?

Mr. CORDES. Yes.

Mr. PALMER. It is only 5 per cent?

Mr. CORDES. That is all.

Mr. PALMER. Is it?

Mr. CORDES. Yes, sir. Do you want to know the exact number of people?

Mr. PALMER. Yes.

Mr. CORDES. 110.

Mr. PALMER. Those are all the outworkers you have?

Mr. CORDES. Those are all the outworkers we have. I will give you the list of their names, if you would like to have it.

Mr. PALMER. Oh, I do not care anything about that.

Mr. PETERS. Can you give us the imports of toothbrushes?

Mr. CORDES. I can not. We would like very much to know what they are ourselves.

Mr. PETERS. Can you form any idea as to the amount of the total consumption of toothbrushes that are imported and those manufactured in this country—the proportions?

Mr. CORDES. Well, I think over half are imported.

Mr. HULL. You get your profit as a manufacturer when you part with the goods?

Mr. CORDES. Yes.

Mr. HULL. Does that increase your custom, when they have the assurance that there will be no cut in prices among the retailers? Is that the reason you carry this limitation down to the jobber and to the retailer?

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Mr. CORDES. No; it does not increase it materially, Mr. Congressman. It just simply keeps a condition of things within the trade that is a good deal more harmonious and satisfactory. We have to get our increased trade through advertising, and it comes very slowly. When you consider the few brushes that we make, among the 100,000,000 people in this country, it is a very small proportion. We realize that.

Mr. HULL. I have understood that concerns engaged in other lines of business had similar methods, and I was trying to ascertain if I could the real object and purpose of it.

Mr. CORDES. So far as we are concerned, it is an easy method and a very simple method, and we have been told by our attorneys and all the legal light we can get that it is not within the Sherman Act.

Mr. HULL. You only have one rival manufacturer in this country?

Mr. CORDES. That is all.

Mr. HULL. And the tariff rates are high enough to prevent competition from interfering with fixing the price of that particular make, are they not?

Mr. CORDES. Yes; if you wanted to have that apply to the whole brush industry in the United States, why I would not think that would be fair.

I say, so far as we are concerned ourselves, I think it is fair. It is all right, but I do not think for the industry as a whole it would be fair. We could employ more labor if we could make these cheaper goods. Now, under the circumstances, it is impossible for us to compete with the other side on that class of stuff.

Mr. KITCHIN. You say about 5 per cent of your product only is made by these children—child labor in the tenement houses?

Mr. CORDES. I did not say children.

Mr. KITCHIN. But this cheap labor in the tenement houses?

Mr. CORDES. I said 5 per cent offhand. I will give you the exact figures if you wish them. I think it is less than that.

Mr. KITCHIN. Well, the only reason you send the work out to these tenement houses is because you can not get enough labor to work in your own factory?

Mr. CORDES. We can not get labor at all up in our plant.

Mr. KITCHIN. And really this cheap labor they talk about in these tenement houses in the dearest-priced labor you have? The labor in your factories there turn out a great deal more than this cheap labor?

Mr. CORDES. They do.

Mr. KITCHIN. And you are not putting these goods out because you can get it done so much more cheaply, but because the supply of labor is not great enough? And you have found that when you pay your laborers more, the higher price you pay your laborers in the factory the more efficient work and the more product they turn out for the manufacturer, than this cheap labor that you have to use in these tenement houses, is that not the fact?

Mr. CORDES. I think that is a fact; yes.

Mr. KITCHIN. That is what I thought; so that answers all the argument on the proposition of cheap labor. That is our contention, that the highest-priced labor is always the cheapest, considering the output of the product, and that cheap labor in dollars and cents is

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always the dearest kind of labor when considering the output or the turnout for the employer, and your case illustrates it.

Mr. CORDES. Well, if you want to leave it on that basis, I want you to compare it—

Mr. KITCHIN (interposing). No. They are the facts. That is what you testified to?

Mr. CORDES. Yes.

Mr. KITCHIN. And I was trying to justify you in sending this work out to these tenement houses.

Mr. CORDES. That is right.

Mr. KITCHIN. Because you would not do it if you could get a sufficient supply of labor in your regular factory, and I know you would not.

Mr. FORDNEY. Do I understand you to say that your labor cost on a dozen brushes in the factory is less than the labor cost on the brushes you send out to have made?

Mr. CORDES. Yes, it is.

Mr. FORDNEY. How much is the difference there?

Mr. CORDES. Oh, it is very slight. Some of the brushes we make in the mill are made by machinery.

Mr. FORDNEY. But you send them out for the reason that you are unable to get labor in the factory?

Mr. CORDES. Yes.

Mr. FORDNEY. And for that reason alone?

Mr. CORDES. Yes; that is all.

Mr. FORDNEY. Mr. Cordes, I do not want to embarrass you and I have no quarrel with you at all, but I want to ask you whether or not you know what the total product of these goods amounts to in this country—toothbrushes?

Mr. CORDES. I could not tell you, Mr. Fordney.

Mr. FORDNEY. Do you know what proportion of the product of this country—manufactured in this country—your particular concern turns out?

Mr. CORDES. Why, I should say that of all the toothbrushes manufactured in this country we perhaps make a third.

Mr. FORDNEY. About one-third?

Mr. CORDES. Yes.

Mr. FORDNEY. Do the other manufacturers have this trade agreement, such as you have?

Mr. CORDES. I do not know of any.

Mr. FORDNEY. You have been talking to Mr. Palmer, and he has been questioning you, but Mr. Palmer smiles when he talks. I do not think you are in any danger.

Mr. CORDES. I should be very glad to have Mr. Palmer tell me if I am doing wrong.

Mr. FORDNEY. My dear friend, I will tell you with all kindness that I believe you will agree with me that it is a violation of the law. If I were in your place, I would discontinue it. That is my advice to you.

Mr. HILL. Where did you say your factory is?

Mr. CORDES. Florence, Mass.

Mr. KITCHIN. He is giving you mighty good advice concerning the incoming administration, but he should have given it to you four years ago or eight years ago.

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Mr. FORDNEY. If he had been here and had disclosed the same facts, he would have gotten the same advice; otherwise, he might have gotten in jail.

Mr. HILL. Is it not a fact that it is a practice that has existed in New England from time immemorial of sending out that class of goods into the farmers' homes, and the surrounding towns, where the people would not come into the factory, and it enables you to enlarge your production by just so much?

Mr. CORDES. Yes.

Mr. HILL. That is all there is to it?

Mr. CORDES. That is all there is to it; absolutely nothing more.

Mr. FORDNEY. My remark about the jail was just getting even with him; not you.

Mr. CORDES. I have no fear, Mr. Congressman.

The CHAIRMAN. Have you anything further to say?

Mr. CORDES. I wanted to touch on that point, and I am very glad it was brought up. I do not think I have anything more; no. I thank you very much.

The following documents on behalf of the Florence Manufacturing Co. were filed:

FLORENCE MANUFACTURING CO.,
Florence, Mass., January 20, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.:

The present duty on brushes is ad valorem 40 per cent.

We petition that brushes be made subject to 50 per cent ad valorem duty.

The principal raw material used in the manufacture of brushes is hogs' bristles, which are subject to 7½ cents per pound. This is the condition in which nearly all bristles are imported.

The duty on bristles is nearly 3 per cent of the value of brushes in which they are used.

Bristles in crude state are imported free of duty, but we know of none of any consequence being imported in this shape, as quality and value can not be intelligently judged, and cost of preparing is so much greater in the United States than in foreign countries, owing to the great difference in the cost of labor.

The census of the United States for 1909 gives the sale value of brushes manufactured in the United States for that year as 14,694,000. There are about 400 brush-manufacturing establishments with an average profit of each less than \$6,000.

Importations of brushes and bristles from 1909 to 1912 were as follows:

Year ending June—	Brushes.	Bristles.
1909.....	\$1, 430, 321	\$2, 583, 482
1910.....	1, 732, 200	3, 111, 872
1911.....	2, 241, 066	2, 970, 481
1912.....	2, 067, 149	3, 032, 231

There has been an increase, according to this statement, in importation of bristles, comparing 1909 with 1912, of 20 per cent. Brushes imported for the corresponding period have increased 44 per cent. You will please notice that the increase in the importation of brushes, as compared with bristles imported, was even of more injury to the brush manufacturers in the United States in the comparison of 1909 with 1911.

It is fair to estimate that one-third of the better kind of brushes used in the United States are of foreign make, and of the variety of brushes imported there are not made in the United States in value more than \$5,000,000.

Of toilet brushes, such as hair, tooth, cloth, etc., one-half of those used in the United States are foreign made. This statement can be easily verified by examination of the brushes offered for sale by retailers of brushes in department stores, drug stores, etc., anywhere in the United States.

PARAGRAPH 423—BRUSHES.

Our customhouse records for seven years state importation of brushes as follows:

Leading countries.	1905	1906	1907	1908
Austria-Hungary.....	\$1, 440	\$11, 144	\$3, 072	\$9, 065
France.....	654, 750	642, 938	721, 989	747, 225
Germany.....	187, 428	199, 946	240, 422	242, 661
Japan.....	294, 991	317, 123	401, 639	473, 680
United Kingdom:				
England.....	156, 176	171, 236	194, 251	194, 411
Scotland.....				
Ireland.....				
Total imports of brushes from all countries.....	1, 306, 446	1, 357, 114	1, 586, 556	1, 681, 640

Leading countries.	1909	1910	1911	1912
Austria-Hungary.....	\$6, 593	\$7, 377	\$12, 967	.....
France.....	598, 235	677, 091	801, 847	.....
Germany.....	191, 741	281, 471	416, 900	.....
Japan.....	401, 274	510, 552	736, 781	.....
United Kingdom:				
England.....	221, 571	239, 267	256, 667	.....
Scotland.....	142	270	85	.....
Ireland.....	2	.....	88	.....
Total imports of brushes from all countries.....	1, 430, 321	1, 732, 200	2, 241, 066	2, 067, 149

For many years we have been manufacturing toilet brushes, and for a number of years we have tried to make some popular-priced toothbrushes, but find with our costs we are unable to compete with the European and Asiatic manufacturers, where most of this class of merchandise is made, because they are able to bring these goods into the United States for even less money than our actual bare manufacturing costs. Consequently we employ less labor than we would if brushes were protected; certainly the brush industry has never been protected under a protective tariff. A few facts bearing on the Japanese labor conditions furnish positive evidence that an equitable tariff for revenue duty should be on a higher ad valorem basis.

In Japan children are more or less employed at about 1 cent per hour (we employ no children). Women in the United States earn from 10 to 20 cents per hour; in Japan women earn from 1½ to 2 cents per hour. Male labor in the United States is paid from 15 to 35 cents per hour; in Japan male labor is paid 5 cents per hour. Workers in Japan work from 7 a. m. to 6 p. m. 7 days a week, generally 312 days a year—one large factory works 330 days in a year.

When modern brush machinery is introduced in Japan, such as is in general use in Europe, especially in Germany and Austria, coupled with the Japanese low-priced labor, the brush industry in the United States would be practically ruined.

As a further proof of labor costs in Japan, a few years ago an importer of Japanese products sent us some toothbrush handles made of bone ready to have the bristles drawn in. The price he quoted, duty paid to New York, in comparison with similar handles made in our own factory, showed an advantage in favor of the Japanese maker of 25 per cent, in spite of the very fact that most of the bone used in the manufacture of toothbrush handles is bought in the United States and shipped to Japan. While it is improbable that handles for toothbrushes will be made in Japan and sent to this country (United States), we simply give these facts to show that labor costs in the brush industry, especially tooth and toilet brushes, are lower in Japan than anywhere in the world, and in view of the rapidly increasing importation of brushes from Japan, our industry is not sufficiently protected. Although the United States Government does not permit Japanese labor to enter, it seems inconsistent that it does permit one of Japan's products in the form of brushes to come in in increasingly large quantities.

In Austria and Germany many of the operations in the making of brushes are performed by women, where we are obliged to employ men, consequently creating a much wider difference in labor costs than is apparent in an actual comparison of wages paid. In Japan this condition is much worse, as women are paid a great deal less than in Germany and Austria. In Belgium and Germany women dress bristles and do classes of work which are not and can not be performed by women under United States conditions.

The foregoing statistics from the United States customs department records show conclusively that with this continued increase in importation of brushes, surely an

PARAGRAPH 423—BRUSHES.

ad valorem duty of 40 per cent is not fair to the brush industry. With a duty of 50 per cent ad valorem this importation would become smaller, and we could probably in a short time give employment to more people making brushes here. The United States census for 1909 gives the following details regarding brush manufacturing on percentage basis:

FOR ENTIRE UNITED STATES.		FOR MASSACHUSETTS.	
Cost:	Per cent.	Cost:	Per cent.
Materials.....	48 $\frac{9}{10}$	Materials.....	47
Wages.....	20 $\frac{1}{2}$	Wages.....	22 $\frac{1}{2}$
Expenses.....	9 $\frac{1}{2}$	Expenses.....	12
Salaries.....	7 $\frac{1}{2}$	Salaries.....	7 $\frac{1}{2}$
Total cost.....	86 $\frac{4}{10}$	Total cost.....	89
Per cent profit.....	13 $\frac{6}{10}$	Per cent profit.....	11
Total cost and profit.....	100	Total cost and profit.....	100

The items of expenses do not include interest on capital, depreciation of plants, or losses from bad accounts.

The item of wages, you will observe, in Massachusetts is 22 $\frac{1}{2}$ per cent among all brush manufacturers in this Commonwealth. In our own factory, Florence Manufacturing Co., one of the largest in the United States, this one item of wages alone on toothbrushes is between 30 and 40 per cent.

No very large profit is shown by these statistics to the brush industry of the United States. Furthermore, these profits would in all probability be somewhat decreased by omissions on the part of individuals who omitted to include their own salaries.

Of the various items that enter into the cost of making brushes, materials are in every country where brushes are manufactured of the same value, so that labor in the United States would be the only item which could be reduced, and that should not be on any lower basis than it is now.

Not only does labor cost less in foreign countries, but such items as rent, incidental expenses, and interest are less than in the United States.

To further show why the importation of brushes from Japan and Europe is increasing so rapidly, we ask you to kindly examine the table of statistics attached regarding wages paid in foreign countries in the manufacture of brushes. Please note the difference in wages paid between the United States and Germany and the marked difference between the United States and Japan. This statement will prove that the brush industry is not protected, and has a hard struggle with this foreign competition. Any reduction of duty would seem unreasonable, and certainly mean fewer brushes made, and the number of people employed in the brush industry in the United States would be greatly reduced.

A comparison of American and foreign wages in brush manufacturing.

	Wages per week in United States.	Wages per week in Great Britain.
Bristle sorters and washers.....	Males \$15 to \$24.....	Males, \$8 to \$9.
Pan hands.....	Females, \$6 to \$9.....	Males, \$8 to \$9.
Paintbrush makers.....	Males, \$15 to \$21.....	Males, \$12 to \$15.
Handle shapers (toilet brushes).....	Males, \$12 to \$18.....	Males, up to \$10.
Bristle pickers.....	Females, \$4.50 to \$6.....	Females, \$2.50 to \$2.75.
Toothbrushes (drawers).....	Females, per gross, up to \$2.40.....	Females, per gross, up to \$1.35.
Shaving-brush makers.....	Males, \$12 to \$18.....	Females, \$3 to \$3.50.
Borers.....	Males, \$18 to \$21.....	Females, up to \$5.
Drawing hands.....	Females, \$6 to \$9.....	Females, up to \$3.50.
Finishers, polishers, etc.....	Females, \$4.50 to \$7.....	Boys and girls, \$2 to \$2.50.
Beginners, boys and girls.....	Minors, \$4.50.....	Boys and girls, up to \$0.60.
Toothbrush-handle makers, best.....	Males, up to \$18.....	Males, \$6 to \$7.
Toothbrush-handle makers, ordinary.....	Males, up to \$18.....	Boys and girls, \$2.50 to \$4.50.

Austria.—Blind skilled workers earn, per day, \$0.60. Seeing skilled workers earn, per day, \$1.20. Brush workers are very largely blind, perhaps 50 per cent are blind, and much of the work is done in homes.

Germany.—Average male employed, per week, \$6.66; average female employed, per week, \$3.33; skilled males earn average of \$7.14 to \$9.76; skilled females earn average of \$4.05 to \$5.47; in small villages all minors, males, \$2.14 to \$4.28; females, \$0.95 to \$1.67.

Japan.—Males, per day, 28 to 38 cents; females, per day, 13 to 18 cents; children, per day, 8 to 11 cents; drawing hands, females, up to 22 cents per day. These rates are for all departments of brush making. Employees work in Japan, 7 a. m. to 6 p. m., seven days a week, generally 312 days a year; one large factory 330 days a year.

PARAGRAPH 423—BRUSHES.

Our company, the Florence Manufacturing Co., have our factory here at Florence, Mass. We have a cash capital invested of \$200,000 in the manufacture of brushes. We employ over 500 persons making toilet brushes from the raw materials to the finished goods; that is, all the wood and bone work, handles, etc. Our pay roll is between \$200,000 and \$212,000 yearly. We are also using in very large quantities lumber, bone, aluminum, steel, leather, lacquers, varnishes, and many other supplies that are produced in the United States.

There are very few large brush manufacturers in the United States; most of the brushes made come from small factories. There is no brush trust or combination in the United States. Competition between American brush manufacturers is very keen, and profits are not at all large. We export a very few of our brushes, and what we do export we sell at the same prices as we do to the United States market. We do not solicit export business; it comes to us in most cases direct, due to the fact that our brushes are trade-marked and have a national reputation created through advertising, and in this way we get inquiries in a small way from foreign countries.

Respectfully submitted.

FLORENCE MANUFACTURING Co.,
WILLIAM CORDES,
Treasurer and General Manager.

FLORENCE, MASS., January 20, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

We are further handicapped in the manufacture of brushes by being obliged to pay 7½ cents per pound duty on bristles, which are not produced to any extent in the United States. We petition that this duty be either reduced or removed entirely. If it is required for revenue purposes, we would be willing to have it remain as it is, provided the duty on brushes is made 50 per cent ad valorem.

Respectfully submitted.

FLORENCE MANUFACTURING Co.,
WILLIAM CORDES,
Treasurer and General Manager.

FLORENCE, MASS., February 14, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR MR. UNDERWOOD: In reply to the letter that I had from you several days ago, in which you requested that I look over the testimony I gave before the Ways and Means Committee and make such changes as I found necessary, will you be kind enough to permit me to simply say this, that the questions which were asked me before the Ways and Means Committee in reference to our method of selling toothbrushes I do not feel had any bearing whatsoever in regard to the tariff, and it gave me absolutely no opportunity whatever to state the situation as it should be.

Neither do I think that the remarks that were made regarding the outside labor had anything whatever to do with it, nor the question of export prices, which Mr. Harrison seemed to be interested in, and his questioning the statements we made in our advertising, and the fact that we put on the market a Keepclean toothbrush and guarantee it for 10 cents has positively nothing whatever to do with the situation. This is a brush that is made from materials that we can not put into our regular Prophylactic toothbrush. It is a good toothbrush for 10 cents and is sold by us without any profit to amount to anything, and I think all of this questioning in connection with a small industry like ours was entirely uncalled for. When you stop to think that we sell less than \$300,000 worth of toothbrushes in one year, one would think that the way I was questioned before the Ways and Means Committee that we were nothing more than criminals.

The brief which we filed we stand by; the statements made therein are true to the best of our knowledge and belief. We have been in business making various kinds of merchandise for 45 years, and have tried in every way possible to build up a reputation that has never been attacked. If the committee wish to help the brush industry, I am quite sure they will pay little attention to what Mr. Holton testified to, especially in view of the fact that the statements he made were not wholly within the bounds of truth. When he made the remark, as is recorded in page 4493 in the tariff hearing reports, that the domestic production of brushes for 1910 was \$29,125,596, this amount is the same as the Bureau of Census files say was the production of brooms

PARAGRAPH 423—BRUSHES.

and brushes reported for 1909. If you will look at the copy, the Director of Census—I believe his name is Mr. Durand—gives the figures as follows: Brooms, \$14,431,593; brushes \$14,694,003; total for both industries, \$29,125,596.

The statement made that the exports of brushes into Canada from the United States amounted to \$153,110 in 1908, I think you will find that the Canadian book of reports of imports and exports states that exports into Canada of brooms and brushes from the United States for the year 1908 was \$157,347. Brooms and brushes are handled in the statistics of Canada as a single industry, the same as they are in the United States. This, I think, is extremely unsatisfactory and misleading, and we wish very much it could be changed by division of these industries in the records. The two industries are separate and distinctly different.

The question that was raised in regard to child labor by Mr. Rainey, of Illinois, and also brushes being made outside of the factories in the United States, I am positive that upon investigation you will find that this is done to such a limited extent that it does not amount to anything, and it is done because in most cases it is impossible to get the workers in the mills. It is also a fact, as far as our industry is concerned, that this is a practice that has existed in this section from time immemorial, sending out this class of work into the farmers' homes and the surrounding towns where the people would not come to the factory, and it enables us to enlarge our production just so much, and, as I stated before the committee, it only amounts in our particular case to about 5 per cent of our full product, which I have already told you the amount of.

Now then, Mr. Underwood, I realize that the hearing is closed, but inasmuch as you asked me to make some changes, I feel that it is only just that I should at least have an opportunity to make this statement to you. The question of dividing the schedule into two classes, namely, one class at 40 per cent and the other at 50 per cent is, in our opinion, wrong. Any such division would be an invitation to fraud and undervaluation, and I believe that upon investigation you will find this point would be confirmed by the customhouse appraisers. The wording of paragraph 423 at the present time is all right and does not need to be changed.

As far as exportation of brushes into Canada is concerned, I shall be very glad indeed to tell you just what these amount to. We exported in 1912 Prophylactic tooth-brushes to Europe and Australia to the amount of \$9,048.84; to Asia in 1912 we exported \$3,640.20; to Canada we exported \$2,810.53. These are our actual exports, and if you wish the invoices to the countries where they were exported and the people through whom they were exported, or the customhouse bills of lading to prove these are our exports, we will be very glad to send them to you. I make this statement because of the impression that some members of the committee gave that the testimony which was given by many manufacturers was not honest.

With these facts and the statement made in our brief, I am quite positive that our industry, as an industry throughout the United States, is not protected at the present time. It is an absolute impossibility for us to compete with the Japanese market, and if the Ways and Means Committee lower the tariff on the brush industry, we shall try to become importers ourselves, as it is the only course that is left open to us.

I thank you personally for your courtesy, and I trust that the statement made above will be treated in the spirit in which it is given. My understanding was that you were anxious to have the manufacturers help you intelligently frame a tariff bill, and as far as we are concerned, we tried to do this, and whatever comfort Mr. Rainey, of Illinois, may have had out of leaving the impression that the Universal Brush Co.'s attitude regarding child labor reflecting the brush industry as a whole, I repeat this is absolutely untrue.

With kindest regards, and thanking you again, I am, very truly, yours,

FLORENCE MANUFACTURING Co.,
WILLIAM CORDES, Treasurer.

STATEMENT AND PETITION BY JOHN L. WHITING-J. J. ADAMS CO., BOSTON, MASS.

PRESENT TARIFF.

Schedule N—Sundries.—423. Brushes and kindred lines, duty ad valorem 40 per cent.

424. Bristles, prepared, duty specific 0.07½ cent per pound.

523. Bristles, crude state, free of duty.

We petition that brushes be made subject to 50 per cent ad valorem duty.

The duty on bristles is about 2½ per cent to 3 per cent of the value of brushes in which they are used. If imported in crude state, bristles are free of duty. None are

PARAGRAPH 423—BRUSHES.

imported in that condition of any consequence, as quality and value can not be judged intelligently, nor do brush manufacturers wish to have the labor of handling refuse, etc.; also, labor for dressing bristles in the United States is much more expensive than in foreign countries.

The United States Census for 1909 gives the sale value of brushes manufactured in the United States for that year:

Value.....	\$14,694,000
Number of establishments.....	390
Average profits of each.....	\$4,897

Importation of brushes and bristles for the past four years have been as follows:

	Brushes.	Bristles.
Year ending June --		
1909.....	\$1,430,321	\$2,583,482
1910.....	1,732,200	3,111,872
1911.....	2,241,066	2,970,481
1912.....	2,067,149	3,032,231

This shows that the increase in importation of bristles comparing 1909 with 1912 was 20 per cent, while the increase in importation of brushes for the same comparison is 44 per cent. It will be noticed that the percentage of increased importation of brushes as compared with importation of bristles was even more to the injury of brush manufacturers in the United States in the comparison of 1909 with 1911:

Of the kinds of brushes imported there are not made in the United States in value over \$5,000,000 or \$6,000,000. A fair estimate would be that fully one-third of the better kinds of brushes used in the United States are of foreign manufacture.

Of toilet brushes, such as hair, tooth, cloth, and similar kinds, fully one-half of those used in the United States are of foreign manufacture. To confirm this statement it is only necessary to examine the brushes offered for sale by retail sellers of brushes here in department stores, drug stores, etc.

United States customhouse records for several years state imports of brushes as follows:

Leading countries.	1905	1906	1907	1908
Austria-Hungary.....	\$1,440	\$11,144	\$3,072	\$9,065
France.....	654,750	642,938	721,989	747,225
Germany.....	187,428	199,946	240,422	242,661
Japan.....	294,991	317,123	401,639	473,680
United Kingdom:				
England.....	156,176	171,236	194,251	194,411
Scotland.....				
Ireland.....				
Total imports of brushes from all countries.....	1,306,446	1,357,114	1,586,556	1,681,640

Leading countries.	1909	1910	1911	1912
Austria-Hungary.....	\$6,593	\$7,377	\$12,967	.....
France.....	598,235	677,091	801,847	.....
Germany.....	191,741	281,471	416,900	.....
Japan.....	401,274	510,552	736,781	.....
United Kingdom:				
England.....	221,571	239,267	256,667	.....
Scotland.....	142	270	85	.....
Ireland.....	2	.....	58	.....
Total imports of brushes from all countries.....	1,430,321	1,732,200	2,241,066	\$2,067,149

This shows continual increase in importation of brushes from 1905 to 1911.

With an ad valorem duty of 50 per cent on brushes, the importation of brushes would become smaller, and correspondingly more workpeople employed making brushes here.

Details relating to brush manufacturing, as given in United States Census of 1909, stated by percentage basis:

PARAGRAPH 423—BRUSHES.

FOR WHOLE UNITED STATES.		FOR MASSACHUSETTS.	
	Per cent.		Per cent.
Materials.....	48 $\frac{9}{10}$	Materials.....	47
Wages.....	20 $\frac{1}{2}$	Wages.....	22 $\frac{1}{2}$
Expenses.....	09 $\frac{1}{2}$	Expenses.....	12
Salaries.....	07 $\frac{1}{2}$	Salaries.....	07 $\frac{1}{2}$
Total cost.....	86 $\frac{4}{10}$	Total cost.....	89
Per cent profit.....	13 $\frac{6}{10}$	Per cent profit.....	11
Total cost and profit.....	100	Total cost and profit.....	100

Expenses do not include interest on capital, losses from bad debts, or depreciation of plants.

These statements do not show large profits to brush manufacturers in the United States. It is probable that many smaller brush manufacturers consisting of individuals or partnerships omitted to include salaries for themselves which, if a fact, would materially reduce percentage of profits.

Of the items entering into cost of manufacturing brushes, materials are the same value in every country where brushes are made. To reduce cost of manufacturing brushes here, wages for labor is the only item which could be reduced, and that is now on as low a basis as it ought to be.

The census report states for wage earners in the United States in the brush industry year named, average year's earnings per person \$437. The low average for wage earners in the brush industry is accounted for by the large percentage of minor and female employees. Brush manufacturers in all countries employ minors and females in greater numbers than adult males, and brush manufacturers are equipped with labor-saving machines and devices equally well in all different countries. Brush manufacturers in other countries than the United States have all the advantages possessed here.

The various processes of workers in making brushes are not difficult, the work is easy, and agreeable, and females and minors readily produce good results, therefore brush manufacturers employ in all countries a larger proportion of these classes than of adult men. In Japan and European countries the labor of manufacturing brushes is also done in families at home, where brushes are made by all members of the family, including small children. This method reduces labor cost materially on small cheap brushes below cost for labor in those countries, and the kinds so made are never made in the United States.

Not only is labor paid less in other countries than in the United States but also rent, interest, and incidental expenses are less than in the United States.

Wages paid in the manufacture of brushes in different countries obtained from reliable sources are annexed. Comparisons between United States and Germany show a marked contrast, and comparison between United States and Japan explains why the importation of brushes from Japan into the United States is a large amount and rapidly increasing.

A comparison of American and foreign wages in brush manufacturing.

	Wages per week in United States.	Wages per week in Great Britain.
Bristle sorters and washers.....	Males, \$15 to \$24	Males, \$8 to \$9.
Pan hands.....	Females, \$6 to \$9	Do.
Paint-brush makers.....	Males, \$15 to \$21.	Males, \$12 to \$15.
Handle shapers (toilet brushes).....	Males, \$12 to \$18.	Males, up to \$10.
Bristle pickers.....	Females, \$4.50 to \$6.	Females, \$2.50 to \$2.75.
Toothbrushes (drawers).....		Females, per gross, up to \$1.35
Shaving-brush makers.....	Males, \$12 to \$18.	Females, \$3 to \$3.50.
Borers.....	Males, \$18 to \$21.	Females, up to \$5.
Drawing hands.....	Females, \$6 to \$9	Females, up to \$3.50.
Finishers, polishing, etc.....	Females, \$4.50 to \$7.	Boys and girls, \$2 to \$2.50.
Beginners, boys and girls.....	Minors, \$4.50	Boys and girls, up to \$0.60.
Toothbrush handle makers, best.....		Males, \$6 to \$7.
Toothbrush handle makers, ordinary.....		Boys and girls, \$2.50 to \$4.50.

Austria.—Blind skilled workers earn per day \$0.60. Seeing skilled workers earn per day \$1.20. Brush workers are very largely blind, perhaps 50 per cent are blind, and much of the work is done in homes.

Germany.—Average male employee per week, \$6.66; average female employee per week, \$3.33; skilled males earn average of \$7.14 to \$9.76; skilled females earn average of \$4.05 to \$5.47; in small villages (all minors), males, \$2.14 to \$4.28; females, \$0.95 to \$1.67.

Japan.—Males per day, 26 to 33 cents; females per day, 13 to 18 cents; children per day, 8 to 11 cents; drawing hands, female, up to 22 cents per day. These rates are for all departments of brush making. Employees work in Japan 7 a. m. to 6 p. m., seven days a week. Generally 312 days a year, one large factory 330 days a year.

PARAGRAPH 423—BRUSHES.

From this statement it will be seen that the industry of brush manufacturing in the United States has a hard struggle to exist under present severe competition by foreign brush manufacturers. A reduction of duty would mean fewer brushes made and fewer workpeople employed making brushes in the United States.

Nearly every United States brush-manufacturing establishment is also a brush-importing merchant of kinds which it can buy in foreign countries at less prices than cost to produce in the United States. In the event of duty being reduced the importation of brushes will be increased by these establishments. The sufferers will be the workpeople here whose labor will not be required.

Our company, John L. Whiting-J. J. Adams Co., manufactures nearly all kinds of brushes, having factories in Boston, Mass., and Brooklyn, N. Y.

Our cash capital invested in the manufacture of brushes is \$1,000,000. We employ between 1,000 and 1,100 persons in our factories making brushes and have contracts with outside factories in the United States making woodwork and handles for our brushes which employ 200 to 300 additional persons. Our yearly pay roll is from \$275,000 to \$350,000 in our own factories. To this it is proper to add the labor of wood-working factories which make our brush handles, making additional United States labor cost of our product from \$75,000 to \$100,000 on handles alone.

We also use large quantities of brass, copper, steel, tin plate, leather, tacks, varnish, and incidental supplies produced in the United States.

Brushes in the United States are very largely the product of small factories, distributed in many places, there being but few large manufacturers. There is no trust or combination in the brush industry in the United States. Competition between manufacturers is vigorous and profits are small. The business is not generally prosperous.

Brushes of best grades are exported from the United States to a limited extent. If the manufacture of kinds now imported could be firmly established here, there is every reason for believing that a considerable export trade on them could be built up.

Respectfully submitted.

JOHN L. WHITING-J. J. ADAMS CO.,
LEW C. HILL, *President*.

BOSTON, MASS., *February 6, 1913.*

HON. ANDREW J. PETERS, M. C.,
Washington, D. C.

DEAR SIR: We notice in the No. 24 tariff hearings there is a petition that the duty rate on brushes be divided into two classes, one class at 40 per cent and the other at 50 per cent. In our opinion, any such division would be an invitation to fraud and undervaluation, and we believe that this opinion would be confirmed by custom-house appraisers.

It is not a fact, as stated in said petition, that "All painters' brushes are one tuft of bristles, etc." Many painters' brushes are made of multiple tufts, for spreading paint and other purposes, by same hand workers and same machines as make toilet brushes. There are one or more manufacturers of brushes for painters, etc., who make nearly all of their product by this multiple tuft method, and all brooms are made by same method, and same kind of labor is used to make them as make toilet brushes.

Very few brushes are manufactured in the United States outside of factories. We paid for labor making brushes outside our factory last year \$421. The entire amount was to assist friends of the family who could not come to the factory. Fifty or seventy-five years ago brushes were very largely made in New England in families, same as shoes, and many other articles were; but conditions are not the same now.

The wording of paragraph 423 is excellent, and has successfully prevented undervaluation and fraud in importation of brushes, which was a serious evil previous to the use of that phraseology. Under a former wording large quantities of partly made brushes and also some kinds of finished brushes were imported at low rate of duty, improperly under the classification of the materials from which they were made and other fraudulent reasons, such as hair pencils at rate of "manufactured hair goods," and bristle brushes partly made, at the rate for bristles were attempted, we believe, successfully. There is not a customhouse appraiser who can decide always whether a brush is a toilet brush or for mechanical or other purposes.

¹ Meaning bristles and similar brooms made by brush makers, not corn brooms.

PARAGRAPH 423—BRUSHES.

Brushes are only exported in limited quantities from the United States. We understand that corn brooms are exported in large quantities. No corn brooms are made by brush manufacturers; their manufacture is a separate industry. The greater proportion of brushes exported go to Canada, due principally to nearness to this country, and also, perhaps, to the fact that United States product is better quality than Canadian. English brushes have a preferential of 10 per cent and are sold very liberally in Canada. Germany, we are informed, is penalized 10 per cent over duty from United States on its manufactured articles into Canada, and sells few brushes there.

Although the hearings have closed, we are writing these facts to you so that you may be informed of actual conditions existing in the industry.

Yours, very truly,

JOHN L. WHITING—J. J. ADAMS Co.,
LEW C. HILL, *President*.

BOSTON, MASS., *February 7, 1913.*

HON. ANDREW J. PETERS, M. C.,
Washington, D. C.

DEAR SIR: In the report of tariff hearings January 30, 1913, is a brief signed by Ernest H. Holton, which contains incomplete statements. The domestic production of brushes for 1910 is stated as \$29,125,596. This amount is same as Bureau of Census advised us was the production of brooms and brushes reported for 1909. Please see inclosed copy from Mr. Durand, the Director of Census, which gives amounts as follows:

Brooms.....	\$14, 431, 593
Brushes.....	14, 694, 003

Total for both industries.....	29, 125, 596
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The statement is made that the exports of brushes into Canada from the United States amounted to \$153,110 in 1908. The Canadian book of reports of imports and exports, which we have, states that the imports into Canada of brooms and brushes from the United States for the year 1908 were \$157,347. Brooms and brushes are carried in the statistics of Canada as a single industry, same as in the United States. This is very unsatisfactory and misleading, and we wish it could be changed by division of these industries in records. The two industries are separate and distinctly different.

Inclosed is a copy of imports into Canada of brooms and brushes, as given in official Canadian book named for years 1906 to 1910. We have not yet received later details. Brushes, made by brush makers, are only exported in a limited way, and Canada gets the larger part of them. Our company exports perhaps as many as any brush manufacturer, and our total exports of brushes, to all countries, does not equal 2½ per cent of our total sales in any year. We do not sell our brushes in Canada, or any other country, at less prices than we do in the United States, nor do we give any bonus, or otherwise rebate to foreign purchasers. We are informed that corn brooms are exported in large amounts.

We are unaware of any considerable quantity of brushes being made outside of factories in the United States. The amount paid by us last year for making brushes outside of our factory was only \$421. We are importers of considerable quantities of brushes, of kinds which we buy at less prices, after duty is paid, than we can manufacture them for. We receive constantly solicitations similar to inclosed letter from Japan.

It may be of importance to state that many thousands of imported tooth brushes are not used for toilet purposes, but are used for edge staining shoes, etc., in shoe factories.

There are other incomplete and misleading statements in brief named, but these which we call attention to herein are so far wrong that we are prompted to write this letter to you for your information.

As Mr. Hill took some interest by questioning Mr. Holton, we are sending him a copy of this letter, also to Mr. Longworth and Mr. Fordney.

Yours, very truly,

JOHN L. WHITING—J. J. ADAMS Co.
LEW C. HILL, *President*.

PARAGRAPH 423—BRUSHES.

[Inclosure.]

Importation of brooms and brushes into Canada, years 1906 to 1910 (dutiable).

	1906.	1907 (9 months).	1908.	1909.	1910.
United Kingdom.....	\$32,620	\$26,438	\$52,623	\$36,656	\$45,638
United States.....	135,917	140,680	157,347	135,557	180,642
Austria-Hungary.....	1,560	538	1,742	638	2,774
China.....	410	79	194	131	100
France.....	67,073	63,860	107,503	66,966	69,139
Germany.....	24,100	18,526	27,038	15,830	30,376
Japan.....	24,238	24,526	32,232	27,964	39,605
Other countries.....	119	775	1,184	537	574
Total.....	286,037	275,422	379,863	284,279	368,854

DEPARTMENT OF COMMERCE AND LABOR,

BUREAU OF THE CENSUS,

Washington, July 2, 1912.

MR. LEW C. HILL,

*President John L. Whiting-J. J. Adams Co.,**Boston, Mass.*

DEAR SIR: I have your letter of the 1st instant, in regard to the statistics for brooms and brushes.

As explained in our prior correspondence, separate statistics for the manufacture of brooms and brushes, respectively, were compiled for the census of manufactures of 1909, but as separate totals had not been prepared for prior censuses it was necessary to combine them in order to make the comparison that is given in the table on page 75 of the Bulletin on the Manufactures of the United States, to which you refer. The footnote to this table calls attention to the fact that there were separate totals prepared for the two branches of the industry.

I now inclose a statement giving the general figures for the United States for the two branches of the industry. They will be presented in all of the tables giving the figures for 1909. To illustrate this, there is sent you under separate cover a copy of the bulletin on the manufactures of Massachusetts. Separate totals for the establishments engaged primarily in the manufacture of brooms and brushes, respectively, are given in Table 2, on pages 46 and 47 of this bulletin.

Very respectfully,

E. DANA DURAND, *Director.*

[Inclosure.]

Statistics for establishments engaged in the manufacture of brooms and brushes (census of 1909).

	Brooms.	Brushes.
Number of establishments.....	898	384
Capital.....	\$7,890,485	\$11,091,796
Salaries.....	\$614,116	\$1,046,733
Wages.....	\$2,363,088	\$3,041,145
Cost of materials.....	\$8,391,333	\$7,186,937
Miscellaneous expenses.....	\$997,231	\$1,421,148
Value of products.....	\$14,431,593	\$14,694,003
Total number of persons engaged.....	6,885	8,258
Number of proprietors and firm members.....	1,061	390
Salaried employees, including clerks.....	625	914
Average number of wage earners.....	5,199	6,954

PARAGRAPH 423—BRUSHES.

TARIFF ON BRUSHES.

MAENDLER BROS.,
St. Paul, Minn., January 25, 1913.

Hon. FRED C. STEVENS,
House of Representatives, Washington, D. C.

DEAR SIR: At a meeting held in New York City by the leading brush manufacturers the following brief on tariff on brushes was presented. This brief has our indorsement, and we would respectfully request you use your efforts in behalf of this industry. The reasons for it are stated in the brief.

Desire to add in connection with this that we, as manufacturers of brushes in St. Paul, suffer to an extent by foreign competition. Then, on the other hand, the duty on brushes from the States to Canada is also such that we find it exceedingly difficult to do much business in Canada, notwithstanding our closeness to the trade, and when we do sell we have to really do so at cost.

We are covering the Northwest and Canada twice a year and are doing our best to obtain a footing, in the hopes that at some time in the near future the tariff and conditions in the sale of brushes in Canada will be such as to enable us to sell at a profit.

We only mention this matter of Canadian duty in connection with this, as we understand there is a contemplated reduction on brushes from Europe and Asia. If the duty is lowered instead of it being advanced, as we requested, it will make it so much harder for us to do business, not alone in the United States, but in Canada. We would be pleased to have you give this your worthy consideration, and hope that you will be able to aid us in advancing the duty on brushes from 40 to 50 per cent ad valorem.

Also desire to add at the same time that we consider the duty on bristle to be superfluous, because there is not enough bristle raised or saved in America from the American hog for the importation of the foreign bristle to have any effect on this at the present time. We have not gotten any figures as to the amount of foreign bristle imported and the amount of domestic bristle produced, but from our 28 years of experience in the brush business we find there is less bristle raised to-day in America than ever before; in fact, we understand a good many of the pork packers find it does not pay to save the inferior quality that has been produced from the American hog, because the American hog is raised for pork and not so much for bristle as the Russian and China hog.

There is a duty of 7½ cents on the Russian bristle. This may well be taken off, as this would reduce the cost of manufacturing and would not hurt any existing industry worth mentioning. In selling brushes in Canada not alone do we have to go against the Canadian duty on brushes, but also against the fact that the Canadian brush manufacturer can obtain his bristle free of duty.

We would be pleased to have you give this your consideration, and await your early reply.

Yours, very truly,

MAENDLER BROS.
P. MAENDLER.

WILLIAM A. TOTTLE & Co.,
Baltimore, January 27, 1913.

Hon. OSCAR W. UNDERWOOD, M. C.,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We are sending you to-day, under separate cover, petition of the brush manufacturers. In the first place, we desire to call your attention to the fact that this branch of industry is not connected with any trust or combination, nor have they any agreement on prices, so we do not think there could be any greater competition than now exists among the manufacturers of brushes. It is every man for himself, and, as President-elect Woodrow Wilson stated before his election and since, "no honest industry need fear any injury being done to their business by the incoming administration," and for the reasons already stated in the petition referred to, we trust you will accede to the request therein.

Thanking you in advance for your earnest cooperation, we are,

Very truly, yours,

WILLIAM A. TOTTLE & Co.

PARAGRAPH 423—BRUSHES.

Hon. OSCAR W. UNDERWOOD, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The undersigned, individual brush manufacturers of the United States, respectfully request your honorable committee to consider the following facts regarding tariff as it affects the brush industry.

We are not bound together by any trade agreements or combinations of any kind whatsoever, and no likelihood of any ever being brought about.

BRUSHES.

Schedule N, paragraph 423. The present duty on brushes is ad valorem 40 per cent.

We petition that brushes be made subject to 50 per cent ad valorem, for the following reasons:

Brush manufacturing in the United States is an industry which suffers abnormally from competition by foreign brush manufacturers.

It is an unfortunate fact that fully one-fourth or perhaps more in market value of all the brushes consumed in the United States are of foreign manufacture.

With a tariff for revenue duty approaching the difference in the cost of labor and other items of the cost of production, all brushes consumed in the United States could be made here. The brush industry has never been protected under a protective tariff.

Of the kinds of brushes in which labor is the principal item of cost, more than one-half used here is manufactured abroad.

Tooth and nail brushes are nearly all foreign made, as a visit to any drug or department store will verify.

Hair and other toilet brushes are considerably more than one-half foreign made.

An abstract from United States Consular Reports in regard to brush making in Japan and Austria shows clearly the very low prices for labor in this industry. The United States Department of State has received reports of American consuls at Nuremberg, Germany, and London, England, giving information as to rates of wages in those countries in the manufacturing of brushes. The following is from the report of the American consul at Nuremberg:

"The manufacture of brushes is a very considerable industry in Nuremberg and vicinity. This branch of industry here gives employment to about 3,000 men, women, and children, 2,300 of whom are employed in the factories in Nuremberg and 700 in the smaller factories in near-by villages. In the city about two-thirds of all employees are females and 12 to 15 per cent are minors; in the villages the percentage of minors is somewhat higher. The annual production is of the value of about \$3,335,000, of which total only about \$250,000 is from the factories outside Nuremberg.

"In Nuremberg there are 20 brush factories. One large concern—the largest in Germany—employs about 1,100; three others employ from 100 to 200 each; the others are all very small concerns, sometimes with only half a dozen employees, and from that number up to 75 or 80. One factory in the town of Dinkelsbühl has about 100 employees, and smaller concerns in the villages of Markt, Bechhofen, Wilhermsdorf, Burk, and Schopfloch give employment to about 600 persons. The so-called factories in these villages depend to a very considerable extent on "house industry"; that is, the work is done in the homes and the whole family participates to a greater or less extent. When there is no work in the fields, father, mother, and all the children turn to brush making. Wages are much lower than in the city factories, and these grades of goods are there turned out at much less cost than would be possible in the larger concerns.

"The brush industry here in Nuremberg is apparently a very prosperous one. The largest concern here has for a number of years declared a regular annual dividend of 15 per cent. The leading concern here, which has a branch factory in the United States and ships much raw material and partially finished products, is the largest concern of the kind in Germany. Only one-third of its employees are males, two-thirds being females. Of male employees 13 per cent are minors and of the female employees 22 per cent. The average wage paid to male employees is \$6.66 per week and the average wage paid female employees is \$3.33 per week. Skilled male workmen earn \$7.14 to \$9.76 per week and skilled female brush makers from \$4.05 to \$5.47 per week.

"Still another brush manufacturer whose plant is located in a small village some distance from Nuremberg states that about one-third of his employees are females and about one-fourth of all employees are minors. The wages in his factory vary from \$2.14 to \$4.28 per week; for minors from 95 cents to \$1.67 per week."

PARAGRAPH 423—BRUSHES.

These wages are much less than are paid in the United States for corresponding work and equal quantity turned out by a worker.

Germany has increased its importation of brushes to the United States from \$187,428 in 1905 to \$416,900 in 1911.

"In England boys and girls, in fashioning simple stocks, polishing, etc., when they become proficient earn from \$2 to \$2.50 per week. On starting work in a brush factory, girls are paid as low as 60 cents a week until they become acquainted with the work, and boys starting are paid a little more.

"Fancy toothbrush handles are all fashioned by hand by men who earn from \$6 to \$7 a week at this trade. Handles that do not require great skill in the making, yet that are not the straight ordinary kind, are made by both boys and girls who earn from \$2.50 to \$4.50 per week."

While competition with European manufacturers, Germany, England, France, and Austria, is very severe, yet it does not compare with the terrible competition that we are experiencing with Japan. The Government prevents Japanese labor from entering the United States, but one of its products in the form of brushes is arriving constantly in very large quantities and increasing in volume very rapidly, the increase being 3,856 per cent since the McKinley tariff act became effective in 1891, as can be readily determined from the United States Treasury Department statistics covering the time stated.

Japanese brush importations.

1891.....	\$15, 872	1902.....	\$195, 782 ²
1892.....	25, 618	1903.....	273, 140
1893.....	30, 632	1904.....	356, 456
1894.....	45, 402	1905.....	294, 991
1895.....	57, 268	1906.....	317, 123
1896.....	59, 369	1907.....	401, 639
1897.....	88, 065	1908.....	473, 680
1898.....	101, 256	1909.....	401, 274
1899.....	123, 202	1910.....	510, 552
1900.....	130, 093	1911.....	736, 781
1901.....	191, 911	1912.....	802, 923

Years 1891 to 1912 (21 years), 3,856 per cent increase.

The foregoing and a few facts bearing upon the Japanese labor conditions furnish conclusive evidence that an equitable tariff for revenue duty should be on a higher ad valorem basis.

In Japan children are more or less employed at about 1 cent per hour. Women in the United States earn from 10 cents to 20 cents per hour; in Japan, from 1½ cents to 2 cents per hour. Male labor in the United States is paid from 15 cents to 35 cents per hour; in Japan, male labor is paid about 5 cents per hour.

Employees work in Japan from 7 a. m. to 6 p. m., seven days a week, generally 312 days per year. One large factory, 330 days per year.

There are about 8,000 persons engaged in the brush industry in the United States, of which number only 304 are minors.

Capital invested, about \$11,000,000; value of product, about \$15,000,000; number of establishments, about 400.

Imports of brushes of all kinds into the United States, fiscal year 1912.

Imported from—

Austria.....	\$36, 806
Belgium.....	7, 753
France.....	749, 189
Germany.....	448, 550
England.....	211, 998
Japan.....	602, 923
All other countries.....	9, 930

Total..... 2, 067, 149

PARAGRAPH 423—BRUSHES.

A comparison of American and foreign wages in brush manufacturing.

	Wages per week.	
	United States.	Great Britain.
Bristle sorters and washers.....	Males..... \$15.00 to \$24.00	Males..... \$8.00 to \$9.00
Pan hands.....	Females..... 6.00 to 9.00	Males..... 8.00 to 9.00
Paintbrush makers.....	Males..... 15.00 to 21.00	Males..... 12.00 to 15.00
Handle shapers (toilet brushes).....	Males..... 12.00 to 18.00	Males..... up to 10.00
Bristle pickers.....	Females..... 4.50 to 6.00	Females..... 2.50 to 2.75
Toothbrushes (drawers).....	.....	Females..... per gross up to 1.35
Shaving-brush makers.....	Males..... 12.00 to 18.00	Females..... \$3.00 to 3.50
Borers.....	Males..... 18.00 to 21.00	Females..... up to 5.00
Drawing hands.....	Females..... 6.00 to 9.00	Females..... up to 3.50
Finishers, polishers, etc.....	Females..... 4.50 to 7.00	Boys and girls..... 2.00 to 2.50
Beginners, boys and girls.....	Minors..... 4.50	Boys and girls..... up to .60
Toothbrush-handle makers (best).....	.....	Males..... 6.00 to 7.00
Toothbrush-handle makers (ordinary).....	.....	Boys and girls..... 2.50 to 4.50

GERMANY.

Average male employee, per week, \$6.66.

Average female employee, per week, \$3.33.

Skilled males earn, average, \$7.14 to \$9.76.

Skilled females earn, average, \$4.05 to \$5.47.

In small villages all minors: Males, \$2.14 to \$4.28; females, 95 cents to \$1.67.

AUSTRIA.

Blind skilled workers earn per day, 60 cents.

Seeing skilled workers earn per day, \$1.20.

Brush workers are very largely blind, perhaps 50 per cent are blind, and much of the work is done in homes.

JAPAN.

Males, per day, 28 cents to 38 cents; females, per day, 13 cents to 18 cents; children, per day, 8 cents to 11 cents.

Above rates are for all departments of brush making.

Drawing hands, female, up to 22 cents per day.

Employees work in Japan 7 a. m. to 6 p. m., seven days a week, generally 312 days a year; one large factory 330 days a year.

The present duty on bristles is 7½ cents per pound specific.

In conclusion: The brush manufacturers are further handicapped to the extent of paying 7½ cents per pound for bristles, which are not produced to any extent in the United States, and while it is a hardship and adds to the cost of the manufactured product, we would be willing to concede, if necessary, for revenue purposes that the bristle schedule remain as it is, provided the duty on brushes is made 50 per cent ad valorem.

Respectfully submitted.

Elder & Jenks, Philadelphia, Pa.; J. C. Pashee & Sons, Boston, Mass.; Gerts Lombard & Co., Chicago, Ill.; The Bromwell Brush & Wire Goods Co., Cincinnati, Ohio; Wm. A. Tottle & Co., Baltimore, Md.; The Wooster Brush Co., Wooster, Ohio; Owen Dennis Sons, Troy, N. Y.; A. L. Soner Brush Co., Troy, N. Y.; Frederick M. Hoyt & Bro., Troy, N. Y.; A. & E. Burton Co., Boston, Mass.; Rubberset Co., Newark, N. J.; Florence Manufacturing Co., Florence, Mass.; The Earle Brush Co., Columbia, Pa.; New Jersey Brush Co., Bloomfield, N. J.; Miles Bros. & Co., New York; John L. Whiting, J. J. Adams Co., Boston, Mass.; Amos Bonner Co., Toledo, Ohio; Dixon & Rippel, Newark, N. J.; Kip Brush Co., New York; F. W. Devoe & C. T. Reynolds Co., New York; Ox Fibre Brush Co., New York; Rennons Kleinle Co., Baltimore, Md.; United Brush Manufacturers, New York; Standard Brush Co., New Hartford, Conn.; Jas. Lowe Erskine Co., New York; Hanlon & Goodman Co., New York; A. G. Jacobus Sons, Verona, N. J.

PARAGRAPH 423—BRUSHES.

MERCHANTS & MANUFACTURERS ASSOCIATION, BALTIMORE,
MD., WRITE RE BRUSHES.BALTIMORE, MD., *January 29, 1913.*Hon. DAVID J. LEWIS,
House of Representatives, Washington, D. C.

DEAR SIR: At the request of a number of brush manufacturers of the city of Baltimore, I am writing you to say that they are not bound together by any trade agreements or combinations, nor is there any likelihood of their being so; that the present duty on brushes is 40 per cent ad valorem, and that it should be not less than 50 per cent ad valorem. Brush manufacturers suffer abnormally from competition from foreign manufacturers. Over one-fourth of the market value of all brushes consumed in this country are of foreign manufacture. While competition with England, France, Germany, and Austria is severe, it does not compare with the terrible competition our manufacturers are experiencing with Japan, whose business in the last 20 years has increased 3,856 per cent. Women in the United States earn from 10 to 20 cents per hour, and in Japan, where children are more or less employed, 1 cent per hour. These facts can be verified from the United States consular reports.

We are sending this to you for your information.

Yours, very truly,

ROBERT J. BEACHAM, *Secretary.*F. R. ARNOLD & CO., NEW YORK, N. Y., REQUEST CHANGE IN
TARIFF ON WOOL PADS, ETC.NEW YORK, *February 19, 1913.*Hon. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means, House of Representatives.

SIR: I would respectfully request in behalf of the importers of so-called "wool pads," disks of woollen material used as powder puffs, a change in rate of duty on these articles.

These articles are virtually brushes and for some time were taxed as brushes at 40 per cent ad valorem, until by a Treasury decision the duty was changed to that on "manufactures of wool valued more than 70 cents per pound," 55 per cent ad valorem and 44 cents per pound. These articles weigh (see samples on file) from one-fourth pound to 4½ pounds per gross, importations being chiefly of those that weigh about 1½ pounds or less per gross. In these weights are included coverings, etc., and sometimes wooden handles.

The revenue from these articles is insignificant, and as the weights of these small articles continually vary, the trouble and loss of time in weighing and assessing the duty, both to the customhouse officials as well as to the importer, would seem an unwise waste of energy without any adequate return.

As these articles are used as powder brushes and are virtually such, it would seem correct that the same duty should be imposed on them as on other varieties of brushes, 40 per cent, and that they should be included in Schedule N, paragraph 423.

The same reasoning applies to so-called buffers, or nail polishers, which are used to brush and polish the nails, and which now pay sometimes as manufactures of wood, 35 per cent, as manufactures of leather, 40 per cent, or as manufactures of celluloid would pay under H. R. 20182, February 15, 1912, 35 per cent ad valorem, but not less than 40 cents per pound.

It would seem practical to condense all these articles under a duty of 40 per cent as brushes. Paragraph 423, Schedule N, would then read:

"423. Brushes, brooms, feather dusters of all kinds, powder puffs and nail buffers, and hair pencils in quills or otherwise, 40 per centum ad valorem."

Most respectfully,

FRANCIS R. ARNOLD.

BRIEF OF THE RUBBERSET CO., NEWARK, N. J.

NEWARK, N. J., *December 31, 1912.*Hon. EDWARD W. TOWNSEND,
Montclair, N. J.

DEAR SIR: We are, as you probably know, large manufacturers of brushes, which is an important industry that can only continue to prosper through ample protection from foreign competition.

PARAGRAPH 423—BRUSHES.

We learn from a communication, a copy of which we inclose, that the Ways and Means Committee of Congress will have hearings on the tariff in January and we take the liberty of asking you to protect our interests so far as you are able to do so.

The brush industry in the United States is a large and important one, worthy of any consideration the committee may give it.

The capital invested is large and the majority of manufacturers interested are men who have devoted their lives to building up an industry that is typical of the energy and enterprise of the American people.

Thousands of families, makers of wood handles and metal parts, depend upon the success of the brush business for their livelihood.

The industry is not confined to a few manufacturers, but is distributed among a large number, among whom the keenest competition prevails.

This condition, combined with increased cost of raw materials, labor, and the competition of foreign-made brushes, leaves a very small margin of profit and any reduction in the tariff on brushes would be most disastrous.

In justice to our employees as well as ourselves we feel that we are not unreasonable in asking the committee to favorably consider a duty of 50 per cent ad valorem on all manufactured brushes imported into this country, which would justly protect us from the competition of foreign-made goods that we now suffer.

If there is any further information you desire regarding this matter we will gladly endeavor to furnish it with as little delay as possible.

Very truly, yours,

RUBBERSET CO.,
Per ANDREW ALBRIGHT, Jr., *President*.

INDIVIDUAL TOILET BRUSH MANUFACTURERS REQUEST INCREASE IN TARIFF.

HON. OSCAR W. UNDERWOOD, M. C.,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The undersigned individual toilet brush manufacturers of the United States respectfully request your honorable committee to consider the following petition regarding the present tariff as it affects the toilet-brush industry.

Paragraph 423, Schedule N—Brushes.—The present duty on brushes ad valorem 40 per cent and the paragraph reads as follows:

"423. Brushes, brooms and feather dusters of all kinds, and hair pencils in quills or otherwise, 40 per centum ad valorem."

We petition that the phraseology of the above paragraph be changed as follows:

"Brushes used in the painterscraft and in the arts, brooms and feather dusters of all kinds, and hair pencils in quills or otherwise, 40 per centum ad valorem.

"Toilet brushes of every description and all other brushes having a multiplicity of bristle tufts, not used as tools in any craft but for general brushing and cleaning, 50 per centum ad valorem."

The reason that we ask for this change is, that there is nothing whatever in common between a paint brush, which is a tool for the spreading of paint—just as a trowel is a tool for the spreading of mortar—and a hair or tooth brush, used for personal cleanliness or for the adornment of a lady's bureau.

All painters' brushes are made of a stick of wood, a metal ferrule, and one tuft of bristle, irrespective of the size of the brush, while a hairbrush or other toilet brush has a multiplicity of bristle tufts—sometimes 200 and more.

Furthermore—and this is the principal factor of difference—paint, varnish, or kalsomine brushes are the product of factory labor and can not be produced in private homes or tenement houses. Consequently the industry has prospered in this country under the present tariff rates, the production of such brushes having reached \$11,000,000 annually. We import no heavy paint brushes whatever, the only imports into this country consisting of small artists' pencils, brought in here in limited quantities. The industry enjoys a fair degree of prosperity.

The toilet brush, however, whether it be a hair, tooth, nail, cloth, or complexion brush, is largely a handmade article abroad and is the product of foreign home labor. It is a house industry, distinguished from a factory industry. The labor item in a domestic toilet brush forms at least 50 per cent of its entire cost, and in many instances even more.

The result is that hand labor being a very expensive commodity in the United States and nowhere so cheap as in Japan, the latter country has become one of the

PARAGRAPH 423—BRUSHES.

greatest toilet producers in the world and the second largest exporter to the United States. While we imported \$195,782 worth of toilet brushes from Japan in 1902, we imported no less than \$602,923 worth of the same commodity in 1912, an increase of over 300 per cent in 10 years. Japan furnishes this country with bone-handle, hand-drawn toothbrushes that are sold everywhere at retail at 5 cents and 10 cents each, with nailbrushes retailing at 10 cents each and with hand-drawn hairbrushes retailing at 25 cents each. It becomes harder and harder for the American toilet-brush manufacturer to compete with this flood of Japanese brushes, the product of the cheapest labor in the world, and he is being driven to have some of his brush work done by home labor instead of in sanitary factories, a most regrettable condition, as this country is trying to legislate against all home or tenement labor.

Of a total import of brushes into this country, amounting in 1912 to \$2,067,149, Japan alone furnished \$602,923, and Japanese brushes are actually selling in this country at a price which does not cover the American manufacturers' cost of material, leaving out the labor item entirely. This is explained by the low wages of brush workers that prevail in Japan. They are reported as 5 cents an hour for male labor, 2 cents an hour for female, and 1 cent an hour for child labor.

If the present 40 per cent duty is added to the above sum of imports, amounting to \$2,067,149, it shows that somewhat over \$3,000,000 worth of foreign toilet brushes are sold in the United States. The total American production of such brushes is not greatly over \$4,000,000, so that we divide this trade with the foreign manufacturers on a nearly equal basis.

The conditions of the Japanese labor market are more or less duplicated by the "house industry" in brush making in Europe. Personal investigation abroad discloses the following facts:

In London, England, women in their homes, by working all day on drawing or fastening bristles into brushes, earn 24 cents a day. In the Black Forest of Germany, where the brush industry is paramount, home workers, principally women and children, earn 15 cents a day, while in the leading brush centers of Hungary, notably in the towns of Pressburg and Debreczin, their earnings are not over 10 cents a day.

Outside of this very low cost of foreign hand labor, the American manufacturer is further handicapped by a tax on his raw material—bristles. All bristles that are used for the toilet-brush industry come from abroad and are subject to a duty of 7½ cents per pound, averaging about 3 per cent on their cost. No other country, including Canada, taxes bristles.

Furthermore, the fastidiousness of the American public is such, that they will give a natural preference to an imported article, paying from 10 to 25 per cent more for an imported toilet brush than for an American product of equal quality, simply because of the glamour of the word "imported." This fact can be ascertained by a visit to any drug or department store.

The result is that after the American toilet-brush manufacturer, overcoming all the above handicaps, succeeds in producing brushes of equal quality to the foreign article, he is obliged to sell them at from 10 to 25 per cent below the foreign brush, because at equal prices with the foreign brush he can not market his product.

There are no combinations or trade agreements between the manufacturers, the industry is scattered all over the country, and the profits are below normal; there are no wealthy toilet-brush manufacturers in this country.

In raising the duty on toilet brushes to 50 per cent, we beg to point out that the revenue produced by this change in the tariff will undoubtedly be enhanced, as this advance, which will be but 7 per cent on the product—the brush per dollar foreign money costing laid down \$1.50 instead of \$1.40 at the present—is not sufficient to retard the import or sale of foreign toilet brushes in this market. It is, however, very helpful to the domestic manufacturer in meeting the problem of increased labor cost and living up to the restrictions of modern factory laws.

Respectfully submitted.

UNIVERSAL BRUSH CO., HENRY ALEXANDER, *President*.
 ALPHA BRUSH CO., JAMES W. BRADSHAW, *President*.
 RENSSELAER BRUSH CO., WM. Y. PALMER, *Treasurer*.
 A. L. SONN BRUSH CO., S. M. DICKINSON, *Treasurer*.
 MONARCH BRUSH CO., M. M. WIENER, *Vice President*.
 E. & C. WOOD CO., C. WOOD, *President*.
 O. DENNIN'S SONS, C. P. DENNIN, *Treasurer*.
 MOHAWK BRUSH CO., T. B. CUPSESSER, *Treasurer*.

PARAGRAPH 423—BRUSHES.

CONVICT LABOR—SECTION 14.

We petition that the phraseology of the above section be changed as follows:

"That all goods, wares, articles, and merchandise manufactured wholly or in part in any foreign country by convict labor, or by house, home, or tenement labor and not in properly equipped factories, subject to the factory laws of such foreign countries, shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited; and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision."

We contend that as the tendency of legislation in our different States is toward the prohibition of tenement-house, sweatshop, and home labor, all of which is insubstantial and without proper factory inspection, it is incumbent upon this Government to prohibit the entry into the United States of goods manufactured under such conditions abroad. And furthermore, as investigation has proven that this home labor is paid abroad at a rate of not over 8 cents to 24 cents per person per day, no protective tariff can possibly compensate the American manufacturer for the difference of such labor cost between foreign countries and its cost in the United States. And, finally, we contend that it has a tendency to force certain manufacturers in this country to have their work done in tenement houses which otherwise would and should be done in properly equipped factories.

Respectfully submitted.

UNIVERSAL BRUSH CO., HENRY ALEXANDER, *President*.
 ALPHA BRUSH CO., JAMES W. BRADSHAW, *President*.
 RENSSELAER BRUSH CO., WILLIAM G. PALMER, *Treasurer*.
 A. L. SONN BRUSH CO., S. M. DICKINSON, *Treasurer*.
 NEWBANK BRUSH CO., G. B. PUFESSER, *Treasurer*.
 MONARCH BRUSH CO., M. M. WIENER, *Vice President*.
 E. & C. WOOD CO., C. J. WOOD, *President*.
 O. DENNIN'S SONS, C. P. DENNIN, *Treasurer*.

TROY, N. Y., January 17, 1913.

The COMMITTEE ON WAYS AND MEANS,
 Washington, D. C.

GENTLEMEN: The present rate of 40 per cent on toilet brushes—which are about all that are imported though but about one-fourth of total of all brushes made in the United States—is altogether inadequate, and the lower cost brushes of Japan, Germany, and France are and have been pouring into our country in ever-increasing proportion and duty should be at least 50 per cent.

Importers furnish vast quantities of brushes at less than cost of production here.

When it became evident that the Wilson bill would lower the rate on brushes, disaster befell most of the makers of toilet brushes.

The Payne bill was unfair to brushes in failing to advance the rate when requested, though powerful interests and influence prevailed to restore some items that had originally been lowered.

Brushes are one of the few things that should have duty advanced.

We estimate the net increased revenue (from 40 to 50 per cent) at 10 per cent, as amount of duty on what came in would be increased while a little less brushes would come in.

Yours, respectfully,

E. & C. Wood Co.,
 C. Wood, *President*.

Subscribed and sworn to before me this 18th day of January, 1913.

[SEAL.]

STEPHEN COMESKEY,
Notary Public in and for the County of Rensselaer, N. Y.

PARAGRAPH 423—BRUSHES.

BRIEF OF J. E. COULTER, TREASURER, GRAND RAPIDS
BRUSH CO.GRAND RAPIDS, MICH., *January 23, 1913.*To the WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to Schedule N, paragraphs 423 and 424, which relate to the duty on brushes and bristles, we desire to call the attention of your honorable committee to some facts and figures in connection with the manufacturing of brushes in the United States and in foreign countries. In doing this we are speaking from our own standpoint as manufacturers of toilet brushes and kindred lines (except tooth-brushes), but not as manufacturers of paint brushes or artists' brushes, which is an entirely different line of our industry; and we hope to convince you that the present tariff on brushes is entirely inadequate and not high enough to protect the interests of the laboring classes employed in our industry in the United States. The people employed in this industry are of necessity possessed of more than the average intelligence, because of the care and attention to detail required in the proper performance of their duties; therefore they are entitled to a good average wage, and we claim that 40 per cent ad valorem does not cover the difference in the cost of labor which exists between this country and the foreign countries which manufacture brushes and sell them in the United States. The following average wages paid in the brush industry of the different countries will clearly show this:

	Per day.
United States.....	\$1.55
England.....	.90
France.....	.80
Germany (free labor).....	.60
Germany (prison labor).....	(¹)
Japan.....	.20

The employees in Japan brush factories are paid as follows: Males, 28 to 38 cents per day; females, 13 to 18 cents per day; children, 8 to 11 cents per day. Average for the working force of a normal factory, 20 cents per day. This is on a basis of two men, three women, and three children.

By carefully figuring our costs we find that in the hairbrush line 60 per cent of the total cost in this country is for labor, and taking two concrete examples as follows:

A hairbrush which costs us for material, \$0.95; for labor, \$1.40; total, \$2.35, we sell at \$3 per dozen.

A Japanese manufacturer makes this brush at a cost of: For material, \$0.85; for labor, \$0.25; total, \$1.10. In billing this to New York to his agent he would not, of course, be justified in billing it at cost, but by adding a good fair factory profit he can bill it at \$1.35, on which he pays 40 per cent duty, or \$0.54; total, \$1.89; and this represents the cost of the brush to the Japanese manufacturer's agent in New York. This example shows you that it would take 76 per cent on the price at which the Japanese manufacturer would bill his goods into New York port to make the cost to the New York agent equal ours, or \$2.35.

A German manufacturer will make a brush at a cost of: For material, \$0.85; for labor, \$0.56; total, \$1.41. This he could bill to his New York agent at \$1.70 and have a profit of 20 per cent for his factory. He pays 40 per cent duty on \$1.70, or 68 cents. This makes the brush cost his New York agent \$2.38, and this applies to German free labor, but the German prison labor will figure just about the same as Japanese labor.

Another example is a hairbrush which costs us: For material, \$4.81; for labor, \$7.09; total, \$11.90; and which we sell at \$16 per dozen.

The Japanese manufacturer can build it at a cost of: For material, \$4.81; for labor, \$1.19; total, \$6. He invoices it to his New York agent at a profit of 33½ per cent, or \$8 per dozen, on which he pays \$3.20 duty, making a cost to his New York agent of \$11.20. This enables him to sell the brush at \$15 per dozen, or \$1 under us, after the manufacturer has already made a profit of \$2 per dozen, or 33½ per cent, at home.

In this instance it would take a duty of 50 per cent on \$8 per dozen, which we have supposed is the price the manufacturer would bill the goods into New York at to his agent, to equal our cost. In this connection we might say that there is nothing to hinder either of these parties from invoicing the goods to their New York agents at

¹ 20 to 30 cents per day.

PARAGRAPH 423—BRUSHES.

factory cost, in which event it would take even larger percentages than 50 and 76 to cover the difference in these two specific cases.

If Japanese manufacturers sell direct to the American jobber, they could sell the cheaper brush at \$2, and pay 40 per cent duty, or 80 cents, making it cost the merchant \$2.80, as against \$3 which we must get. In the case of the better brush he could sell it direct to the merchant at \$9 per dozen, and the merchant pays \$3.60 duty, making it cost him \$12.60 for the same brush which we must charge him \$16 for.

This example shows you that this brush should have been assessed a duty of a fraction less than 78 per cent to make the cost to the jobber in this country equal our selling price, and that permits the Japanese manufacturer to make a gross profit of 50 per cent on his cost, while we make a gross profit of only 32 per cent on our cost, with a larger investment than the Japanese manufacturer makes.

The same brush made in France or England and paying a duty of 40 per cent would be very nearly on an equal basis with United States manufacturers' prices, and if made in Germany would require about 45 or 50 per cent to equal our cost.

The two examples given above have shown you the relative difference between the cost of a fairly cheap brush and a good-priced one, and demonstrates our proposition.

In figuring the better-priced one, we have allowed the Japanese manufacturer the same amount for materials that we figure for ourselves, which is altogether too generous, because he has the bristles at his door without the duty and with very cheap labor for preparing the same, so we have no doubt that item could be reduced considerably if figured exactly. The following table will show you the importations of brushes from all countries under a duty of 40 per cent ad valorem:

Imports of brushes into the United States, fiscal year 1912.

Imported from:

Austria.....	\$36, 806
Belgium.....	7, 753
France.....	749, 189
Germany.....	448, 550
England.....	211, 998
Japan.....	602, 923
All other countries.....	9, 930

Total..... 2, 067, 149

Imports of bristles and brushes.

Year ending June—	Brushes.	Bristles.
1909.....	\$1, 430, 321	\$2, 583, 482
1910.....	1, 732, 200	3, 111, 872
1911.....	2, 241, 066	2, 970, 481
1912.....	2, 067, 149	3, 032, 231

We, ourselves, nor any other brush manufacturers that we are aware of, are not asking for anything more than to be put on an exactly equal basis with the manufacturers of foreign brushes, when they sell their goods in our country. It is a well-known fact, that the tendency in this country is to constantly shorten the hours of labor, and consequently increase the cost of making goods, while in the foreign countries the hours are long and the people are as skilled as our own, and the manufacturers possessed of all the latest machinery with which to do their work; and we desire to call your attention to the fact that in the year 1890 the importation to this country of Japanese brushes was about \$1,000, and in 1907 it amounted to over \$400,000, and in 1912 to over \$600,000; the large advance having been in the last few years, with a tariff of 40 per cent; and if these conditions continue it will result first of all in the American manufacturers being forced to cut wages, and finally it will result in our annihilation, because when we begin to cut wages, our employees will find other industries that have not been so affected, and where the wage scale can be kept up. The result will be that we can not get help at prices that we can afford to pay, and we will be practically out of business.

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We are not asking for an unreasonable advance in the tariff on brushes, therefore, when we suggest that it ought to be as high as 60 per cent which you will see is not quite up to the average of the two examples given above.

The foreign manufacturers have no duty to pay on bristles used in the brushes they make, and while this is not a large percentage item in the case of high-priced bristles, yet in the cheaper grades it becomes a large factor, amounting to from 33 $\frac{1}{3}$ to 25 per cent on the cost of the bristles used; therefore you can see that if the bristles item in a brush is \$4, the bristles are high priced, so that the present duty would only mean about 1 or 2 per cent—it adds only from 4 to 8 cents a dozen to the cost of our brush; but in the case of the cheaper brush where the bristles cost is 70 cents and the duty at 7 $\frac{1}{2}$ cents a pound, or 11 per cent, it makes a difference of 7 cents per dozen, or 3 per cent on the total cost of the brush.

You will please note the following:

First. There are almost no brushes exported from the United States to foreign countries. We have made several attempts, but are not able to compete with foreign manufacturers on an equal basis.

Second. There exists no combination or trust among or between the manufacturers of brushes in the United States for the regulation of prices or wages.

Third. That the 40 per cent duty on brushes is insufficient and does not cover the difference between the cost of labor in foreign countries and in the United States. That in our opinion 60 per cent duty will not be too high to actually cover this difference.

Fourth. That not only is the wage scale smaller in foreign countries, but the working hours are longer than in the United States, and in one country at least, no day of rest is observed.

Fifth. That foreign goods are shipped largely into this country through an agent, thus making the undervaluation of goods easy, and this agent oftentimes is not a citizen of the United States.

Sixth. That large quantities of prison goods are made in Germany, and it is not possible to trace these goods when brought to this market, as there is no distinctive mark on them.

Seventh. Very strong combinations of brush makers exist in Germany, and in Japan the industry is backed by the Government in the case of one at least of the large factories.

Eighth. That all the brush makers of the United States contribute in taxes toward the support of the local government and are paying out to their employees each week large sums of money in pay rolls, which is kept in circulation through this means, and have large sums of money invested in their respective plants.

We only request that you give the matter your attention, and after verifying our figures, which can be readily done, we feel sure that you will consider the need of the people who labor in this business and fix the tariff at a point where the present schedule of wages can be maintained in our United States factories and the foreign competition will be on an equal basis with us when we go to the same men to sell goods. We are perfectly willing to stand or fall on the merits of our business and the skill of our employees.

We believe that an increase in the duty on hair and other toilet brushes is essential to the life of the industry in this country, and that these should be classified separately from other brushes which are not imported and that a rate of 60 per cent ad valorem be established on this class.

Contemporary with the large increase in imported brushes comes a shrinkage in volume of domestic manufacture. Our own business for 1912 is much less in volume than for 1908, and we know that other manufacturers of hair brushes have suffered a decline in output and a shrinkage of profits. There have been no fortunes made in the brush business. Comparatively, it is a small industry. It does not require large capital to engage in the industry, so that men who learn the business can start for themselves. The average capital of the 400 factories is only about \$30,000 and the average production only \$40,000 per annum. But as a useful industry is it not entitled to adequate protection against cheap labor abroad?

Respectfully, yours,

GRAND RAPIDS BRUSH CO.,
J. E. COULTER, *Treasurer.*

PARAGRAPH 423—BROOMS.

BROOMS.

TESTIMONY OF SAMUEL WASSERMAN, ON BEHALF OF THE
BROOM MANUFACTURERS OF CENTRAL NEW YORK.

The witness was duly sworn by the chairman.

Mr. WASSERMAN. I represent the broom manufacturers of central New York, and am making a rather unusual application for manufacturers inasmuch as we ask that broom handles be placed upon the free list. The reason for this is because of the fact that about 10 years ago a combination was formed of different manufacturers of broom handles, most of whom resided and did business in the State of Michigan. Prior to that time broom handles, such as were used by the manufacturers of brooms, were quoted and sold at about \$10 per thousand for the best quality of parlor broom handles, and about the same price for what are known as "misses' broom handles," a slightly smaller broom handle.

There is, under Schedule D, paragraph 215, an ad valorem duty of 35 per cent upon broom handles. We claim that this duty is entirely unnecessary and should be removed in its entirety, and that no half-way measure will suffice to give the relief which we hope will be given by the removal of that duty.

We have invoices from the combination or trust which was formed, I understand, in Michigan about 10 years ago of the various factories situated throughout the State of Michigan, both before and after the formation of that combination. Some of the very factories which went into the combination sold these broom handles at about \$10 or \$11 per thousand prior to the formation of this combination. Year by year and step by step this combination, known as the American Handle Co., which controls, I am informed, practically the output of the United States (and there are nearly 3,000 manufacturers of brooms, large and small, in the United States), advanced the price about 10 to 20 per cent a year until at the present time they are charging nearly 200 per cent more for the same quality of broom handles than was charged 10 years ago. You know what this means. The burden must fall upon the consumer. The increased price of brooms comes about through the advance in the cost of wire from the American Steel & Wire Co., the cost of thread through the trust that manufactures the threads or twines, as we call them, with which these brooms are sewed, and things like that that enter into the manufacture of brooms, and all those increases in those different articles have tended to advance the price of brooms materially, and this advance has fallen upon the American housewife. We claim if we can remove that tariff absolutely the manufacturers of broom handles in the State of Michigan will be enabled to compete with any manufacturers, wherever they may be, for the reason that they have the lumber at their door, that they have the machinery, which is the best of its kind, and they have the facilities, and I do not believe they have to pay any more for labor. So that they can compete and more than compete on an even basis with any manufacturer wherever he may be in any part of the world.

Mr. KITCHIN. Where would those broom handles come from if we should put them on the free list?

PARAGRAPH 423—BROOMS.

Mr. WASSERMAN. I presume they would come from Canada if they came in at all, but this broom industry is distinctly an American industry. It originated in America as it is carried on to-day, and was built up in America, was fostered in America, and there is no other country on the face of the globe to-day that can or does compete with American brooms. They make an article unique in its way, and one which sells all over this country at a price that is almost the standard price; but you can very well see that, by reason of increasing the cost of these handles from \$9 or \$10 per thousand to \$25 or \$30 per thousand, necessarily causes the price of brooms to be increased. It will make a considerable difference on every dozen of brooms that are put out, and it is simply tacked upon the price.

Mr. HARRISON. Who is it makes the broom handles?

Mr. WASSERMAN. The American Handle Co. manufactures them to-day. The American Handle Co. manufactures almost the entire output, as I am informed.

Mr. HARRISON. Where is their factory located?

Mr. WASSERMAN. In the State of Michigan.

Mr. PETERS. Of what kind of wood are they made?

Mr. WASSERMAN. They are made of different kinds of wood, such as maple and beech principally.

Mr. PETERS. Do they have the same wood in Canada?

Mr. WASSERMAN. They have the same wood in Canada; yes, sir.

Mr. KITCHIN. Who are you representing?

Mr. WASSERMAN. I am representing the manufacturers who manufacture these brooms and who use the broom handles in the manufacture of the brooms.

Mr. KITCHIN. And you want the broom handles and the brooms put upon the free list?

Mr. WASSERMAN. I want the manufactured broom handles, which now take a 35 per cent ad valorem duty under Schedule D, paragraph 215, put upon the free list because I claim the American Handle Co. does not need that protection at all.

Mr. KITCHIN. What reduction do you want to make on the finished broom?

Mr. WASSERMAN. We want to make a reduction in the finished broom that will practically cover the reduction which we get in the price of handles, because if we sell a broom for \$3 a dozen, and tax a 10 per cent profit, that means 30 cents a dozen. If the prices of the broom handles and the other commodities that go into the finished products are increased and we have to sell brooms for \$4 a dozen we have to charge the same 10 per cent. We do not get any more practically; we get the same ratio as we got before, but if they are placed on the free list we would be able to sell the broom for a much cheaper price. We would, therefore, like to have all of the commodities that go into the manufacture of brooms, so far as we are concerned, cut down so that we can sell brooms to the consumer much cheaper than we can sell them to-day, because our product is restricted on account of the great price which we are obliged to pay for these different protected articles. We have not gone into the other protected articles, but we feel if they can be consistently cut down with advantage to the people of the country, and with advantage to the people who make them, they should be cut down.

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Mr. KITCHIN. What is the tariff on the broom you make?

Mr. WASSERMAN. The tariff on the brooms themselves at the present time is 40 per cent, but we do not care particularly for that. We do not need that protection, and we are willing that this committee should recommend that there be a cut in that if they feel like it. There are practically none imported at present. But, with reference to the broom handles, we are unable to find that there are any imported, and it is not a source of revenue to the Government. If it is not a source of revenue to the Government, and if these people in Michigan can compete without this protective tariff, I claim it should be cut out and eliminated.

Mr. KITCHIN. How many broom manufacturers are there in the United States?

Mr. WASSERMAN. We estimate that there are about 130,000,000 brooms manufactured annually in the United States, and that means about 130,000,000 broom handles.

Mr. KITCHIN. I mean how many broom manufacturers are there?

Mr. WASSERMAN. About 3,000, as I am informed, large and small, and there are a great many small ones. The great center of the broom industry of the country is in central New York; in fact, the largest center and the center which I represent here to-night.

Mr. RAINEY. Is the broom-handle trust the only trust connected with the manufacture of brooms?

Mr. WASSERMAN. The so-called broom-handle trust is the only trust which is connected with the making of brooms that I know of. There is no trust in the broom industry.

I mentioned the flax-thread people and the steel and wire people.

Mr. RAINEY. Where do you get the broom straw? Where do you get that?

Mr. GARDNER. From the American farmer.

Mr. WASSERMAN. You mean the broom corn?

Mr. RAINEY. The broom corn; yes.

Mr. WASSERMAN. The broom corn comes from Oklahoma, from Texas, and from Illinois.

Mr. RAINEY. Is it not a fact that two or three years ago, when there was no production of broom corn, it was due to the fact that they burnt it up?

Mr. WASSERMAN. Oh, no; not that I know of; it was too valuable for that.

Mr. HARRISON. The farmers combined, as I recollect it, to destroy part of their crop in order to keep up the price of broom corn.

Mr. WASSERMAN. For a great many years there have been shortages in the broom crop. It is very seldom that there is a good quality of broom corn grown, and even this year there is a great shortage of good broom corn; but there is a great surplus this year in poor broom corn.

Mr. HILL. Broom corn carries a tariff rate of about 20 per cent?

Mr. WASSERMAN. Broom corn carries a rate of \$3 per ton; broom corn itself. There is very little broom corn imported. There was a little of it imported about two years ago when there was a great shortage of it in this country. The trouble is that those hot winds in Oklahoma affect the crop very much, and some years almost destroy a great part of it. Broom corn fluctuates a great deal. Sometimes

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it sells at \$40 or \$50 a ton and sometimes it is as high as \$200 a ton, so that you can see that the fluctuation is very great, and that, combined with the high prices which must be paid for these different materials, makes a broom rather expensive to put upon the market and restricts the output of brooms; we are not able to sell so many. We think if this duty is taken off it will be to the ultimate benefit of the consumer as well as to the manufacturers of this article.

Mr. HILL. Let me ask you a question to see if I understand your proposition correctly. You stated that broom handles are worth about \$30 per thousand, which is 3 cents apiece.

Mr. WASSERMAN. Yes.

Mr. HILL. On that they have, according to the present law, a tariff of 35 per cent, which would be 1.05 on one broom handle. The handle itself is 3 cents and the duty is 1.05 cents. On the finished brooms, which you say are 25 cents apiece on the average, the duty is 40 per cent.

Mr. WASSERMAN. Yes, sir.

Mr. HILL. You come here and ask that a broom handle carrying 35 per cent on 3 cents may have the duty taken off entirely and be put on the free list, and that your duty may be reduced accordingly, which would leave you 9 cents on a broom. In other words, a reduction of 4 per cent on the broom and 35 per cent reduction on the broom handle.

Mr. WASSERMAN. So far as the broom is concerned, we have no competition from the outside.

Mr. HILL. Then why do you need any duty?

Mr. WASSERMAN. We do not need it that I know of. We have no competition. I do not know who put on the duty. I do not know why the duty was put on, I do not know what it was put on for, and I do not believe there is any country on earth that can compete with us. The only danger we might face is the product from penal institutions of other countries coming in, and in that event they could come in here in that way at a much cheaper price than we can make them for and then we might need a duty, but outside of that, so far as a fair competition in the broom business is concerned, we do not know of any business broom concern in the world we are afraid of.

Mr. HILL. Is there any prison labor on brooms in the United States?

Mr. WASSERMAN. There is some prison labor in the United States to-day, but there was a bill which was passed by this House and which is now in the Senate which provides that any prison-made brooms or any convict-made goods of any kind shall be subject to the laws of that State in which——

Mr. HAMMOND (interposing). The laws of the State in which they are manufactured?

Mr. WASSERMAN. I have that bill in my hand here, and its title reads:

To limit the effect of the regulation of interstate commerce between the States in goods, wares, and merchandise wholly or in part manufactured by convict labor or in any prison or reformatory.

The bill is very short. It simply says:

That all goods, wares, and merchandise manufactured, produced, or mined wholly or in part by convict labor, or in any prison or reformatory, transported into any

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State or Territory or remaining therein for use, consumption, sale, or storage shall upon arrival and delivery in such State or Territory, be subject to the operation and effect of the laws of such State or Territory to the same extent and in the same manner as though such goods, wares, and merchandise had been manufactured, produced, or mined in such State or Territory, and shall not be exempt therefrom by reason of being introduced in original packages or otherwise.

Mr. HILL. I was only speaking of the merits of your proposition as you outlined it, that you were taking 10 per cent——

Mr. WASSERMAN (interposing). We do not make any question about the duty on brooms themselves, because we have had no competition.

Mr. HILL. That puts it on an entirely different basis.

Mr. WASSERMAN. We believe the Americans are ingenious enough and have been ingenious enough to put a broom upon the market at a lower cost than could come in from the outside to compete with them.

Mr. HILL. If you want them on the free list, I do not see any criticism on your asking that the products you use should be put on the free list.

Mr. WASSERMAN. That is what we ask for.

Mr. HILL. I do not think it is fair to ask a 4 per cent reduction on your production and a 35 per cent reduction on the parties from whom you buy.

Mr. WASSERMAN. We are entirely consistent in our position, I believe.

Mr. KITCHIN. Sure.

Mr. WASSERMAN. Whenever I refer to American Handle Co. as a trust, I mean a combination of factories or a large corporation combining smaller factories.

The CHAIRMAN. That is all, Mr. Wasserman; thank you.

BRIEF OF SAMUEL WASSERMAN, REPRESENTING THE BROOM MANUFACTURERS OF CENTRAL NEW YORK.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

This is an application to place broom handles made of wood on the free list of the forthcoming tariff.

Broom handles of wood are now covered, under the Payne bill, by a rate of 35 per cent, under Schedule D, paragraph 215. This paragraph is the "basket clause" of Schedule D, and provides for 35 per cent on all manufactures of wood not otherwise provided for. Broom handles are not mentioned by name in Schedule D.

This rate of 35 per cent is absolutely prohibitive of importation. It produces practically no revenue to the Treasury of the United States, nor can it do so on such an article as broom handles.

The petitioners represent a very large manufacture of brooms in the United States, of which the wooden broom handle is an important element of material and cost of production. The production of brooms in the United States is estimated to be about 130,000,000 per annum; this means, of course, a like number of broom handles. There are in the United States about 3,000 broom factories, and the largest broom center in the United States is Amsterdam, N. Y., where the factories of the petitioners are located.

Finished brooms are enumerated in the present tariff. But brooms are assessed at 40 per cent. Practically no brooms are imported, the above rate being prohibitive. The modern method of making brooms practically originated in the United States.

Only by putting broom handles on the free list can the broom manufacturer get the benefit of competition in this important element of the manufacture of brooms.

The broom manufacturer does not, ordinarily, manufacture his own broom handles. Under the cover of the prohibitive tariff rate on manufactures of wood (35 per cent) a trust or combination has been formed among the manufacturers of wooden broom

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handles. This combination is known as The American Handle Co. Its offices are located at Grand Rapids, Mich., and most of its factories are scattered throughout Michigan. This combination takes in practically all the big producers of broom handles in and around Michigan, the principal center for the production of broom handles. The so-called trust was formed about 10 years ago, I am informed.

Previous to that time the prices were as follows:

On January 3, 1898, the Cadillac Handle Co., which concern went into and formed a part of the American Handle Co. billed first-grade parlor handles at the rate of \$10.25 per thousand, first-grade misses handles at \$10.25 per thousand, first-grade warehouse handles at \$10.75 per thousand.

In 1899 the handles billed by the Cadillac Handle Co. were about the same price. Tindle & Jackson, with mills located at Saginaw, Bellair, Gaylord, Alba, and Thompsonville, Mich., which concern also subsequently affiliated with the American Handle Co. combination, billed their No. 1 parlor handles at \$11.25 per thousand, No. 1½ parlor handles at \$9.75 per thousand, No. 1 warehouse handles at \$11.75 per thousand, No. 1½ warehouse handles at \$10.25 per thousand.

In 1901, Lehentaler Bros., of Loleta, Elk County, Pa., billed their No. 1 parlor handles at \$13.50 per thousand, No. 1½ parlor handles at \$11.50 per thousand, No. 2 parlor handles at \$8.00 per thousand, No. 1½ warehouse handles at \$12.50 per thousand.

The first invoice we have from the American Handle Co., the combination referred to, is dated October 24, 1903, and is as follows: 25,000 No. 1 parlor handles are billed and sold at \$15 per thousand, an advance of about 20 per cent; 25,000 No. 1 warehouse handles are billed and sold at \$16 per thousand, an advance of approximately 20 per cent.

On January 22, 1904, the following year, the American Handle Co. billed and sold the broom manufacturer 25,700 No. 1 warehouse broom handles at \$18 per thousand, 13,350 No. 1½ warehouse broom handles at \$15.50 per thousand, an advance of about 12 per cent on No. 1 warehouse broom handles.

On April 9, 1906, the American Handle Co. billed and sold to a broom manufacturer 60,000 No. 1 parlor handles at \$18.50 per thousand, an advance from October 24, 1903, of about 25 per cent.

On May 17, 1906, the American Handle Co. billed and sold to a broom manufacturer 45,000 No. 1 misses' broom handles at \$19.50 per thousand. This was an advance of \$1 per thousand during the same year.

On July 27, 1907, the American Handle Co. billed and sold to broom manufacturers the following: 20,000 No. 1 parlor handles at \$20.50 per thousand, an advance from the previous year of about 12 per cent; 19,200 No. 1 misses' broom handles at \$21.50, an advance of about 10 per cent from the previous year.

On September 23, 1912, the American Handle Co. billed and sold to a broom manufacturer 25,000 No. 1 parlor broom handles at \$24.75 per thousand, an advance of about 20 per cent since 1907; 35,000 No. 1 misses' broom handles at \$30.75 per thousand, an advance of about 40 per cent since 1907.

Comparing prices before the formation of the combination known as the American Handle Co. with the prices existing at the present time, we have the following result:

No. 1 parlor handles were quoted and sold prior to the formation of the combination at \$10 to \$11.25 per thousand, and they are quoted and sold at the present time by the American Handle Co. at \$24.75 per thousand, an increase of approximately 110 per cent.

No. 1 misses' handles were quoted and sold before the formation of the combination at from \$10.25 to \$11.25 per thousand, and are now quoted and sold by the American Handle Co., according to invoice of September 23, 1912, at \$30.75 per thousand, an increase of nearly 200 per cent.

These prices, both before and after the formation of the so-called trust, were quoted f. o. b., Amsterdam, N. Y.

The prices of the American Handle Co. are even higher than those we have quoted, for the following reason: Originally the American Handle Co. allowed the purchaser a cash discount of 3 per cent and permitted this discount to be taken before freight was deducted. Now the American Handle Co. insist upon the freight being deducted first and the discount of 2 per cent being deducted from the balance of the invoice. The former method of discount was that in vogue prior to the formation of the combination. To further show the tactics of the trust, we cite the following from a letter written by one of the largest broom manufacturers, who is himself in a position to take advantage of the offers of the trust for the extra discount, which the smaller manufacturers are not in a position to take advantage of:

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"There is also one other point which we wish to call your especial attention to, and that is, the American Handle Co. tries to force the broom manufacturers to buy all their handles which they use from them by allowing them a discount of 5 per cent, providing the manufacturers will buy 500,000 broom handles from them, to be taken within a certain period, and you can see at the present price of handles this extra 3 per cent is a big item, for the little manufacturer who can not buy 500,000 broom handles to be taken within a certain period is forced to lose this 3 per cent and the big manufacturer who can use 500,000 broom handles is forced to place a bona fide contract with the American Handle Co. that they will take 500,000 broom handles within a certain period in order to get this special discount of 3 per cent in addition to the 2 per cent usually allowed."

It need not be pointed out that the broom manufacturers are compelled to pass along this extortionate rise in prices to the jobber and thence of the consumer. All the handlers of the brooms are compelled to make not only an additional outlay but must also get a profit upon the outlay and the carrying of additional capital.

In other words, the American housewife and the American home must in the end bear the additional burden imposed by the Broom Handle Trust upon the broom manufacturer. Therefore, one of the elements in the rise in the price of brooms of which the public has heard so much is clearly pointed out in the above paragraphs.

This trust has been sheltered behind the tariff since its birth. The Dingley bill tariff of 1897 carried the same rates of duty as are now enforced under the Payne bill, I am informed. As pointed out before, these rates on broom handles are prohibitive of importation. The American market is handed over to the trust.

The only remedy for this is the placing of broom handles upon the free list. A mere reduction of 10 or even 20 per cent would do no good. The Broom Handle Trust can now manufacture these handles cheaper than they can be manufactured anywhere else. I believe they have the timber at their door, they have the best automatic machinery in the world. In fact, this machinery and manufacture in its present form is of strictly American origin, as I am informed. Every advantage in the case of protection rests with the Broom Handle Trust. There is absolutely no justification, from any point of view, for a protective duty or tariff in their favor. The tariff simply gives them the power to raise their price to an extortionate level. The figures from actual invoices, which are given in this brief and which can be produced in the invoices themselves, prove this statement beyond a doubt.

The American broom manufacturer wants no favors from the Government in the way of tax levies through the tariff, but it does demand that it shall be released from the grip of a trust that has taken advantage of the tariff on his raw materials of manufacture. There never was a clearer case of abuse of a public privilege than the facts and figures herein cited bring to the attention of this committee. It is a situation that demands the only remedy that will be of any value whatever, namely, the transfer of broom handles to the free list.

Whenever the American Handle Co. is referred to as a trust, a combination of factories is meant or a large corporation combining smaller factories.

Respectfully submitted.

SAMUEL WASSERMAN

(Attorney for Amsterdam Broom Co.; Gardner Broom Co.; American Broom & Brush Co.; Pioneer Broom Co., Amsterdam, N. Y.; Mohawk Valley Broom Co., Fonda, N. Y.; Fred Wittmeier Sons, Fort Hunter, N. Y.).

**STATEMENT OF WILLIAM A. GARDNER, AMSTERDAM, N. Y.,
RE BROOMS.**

AMSTERDAM, N. Y., February 22, 1913.

HON. OSCAR UNDERWOOD,
House of Representatives, Washington, D. C.

MY DEAR MR. UNDERWOOD: You will probably recollect that I was in Washington with Mr. Wasserman at the hearing before the Ways and Means Committee last month. A request was made by Mr. Wasserman that broom handles be placed on the free list, they now being assessed at 35 per cent under Schedule D, paragraph 215. During the discussion Mr. Wasserman was asked by a member of your committee as to the duty on brooms. Mr. Wasserman answered that he saw no reason why the duty on brooms should not be removed, providing the American broom manufacturers be placed on a perfect equality with those in any other part of the world. The question

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of prison-made brooms was alluded to as one that was likely to injure the American manufacturer, and House bill No. 5601, now in the Senate, was alluded to as bearing upon the question of prison-made goods.

There are, however, other obstacles against removing the duty on brooms, which is now 40 per cent ad valorem. In the first place, the Canadian Government imposes a duty of 20 per cent on brooms imported from the United States into Canada. In the second place, railroad rates for transportation of broom corn from the United States into Canada seem to be more favorable to the Canadian manufacturer. In the third place, the cost of labor seems to be considerably less in Canada than in the United States. The American manufacturers formerly did a considerable export business to Europe and South American countries, which has dwindled to almost nothing in later years because of the Canadian competition which has resulted for the reasons above mentioned.

What we desire to emphasize is the point that if your committee desires to reduce the duty of the manufactured brooms it should be in an amount not exceeding 10 per cent. If any further information is necessary, or if the matter is not made entirely clear, we should be perfectly willing to explain any further details, and also to appear before your committee at any time you may desire.

Thanking you for your interest in this matter and assuring you that we are animated by the wish to do justice to the American consumer as well as the American manufacturer, we remain,

Yours, very truly,

WM. A. GARDNER.

PARAGRAPH 424.

Bristles, sorted, bunched, or prepared, seven and one-half cents per pound.

BRISTLES.**THE WILLIAM WILKENS CO., BALTIMORE, MD., WRITE CONCERNING DUTY ON HOG BRISTLES.**

BALTIMORE, MD., *February 24, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We did not file brief with your honorable committee on this subject, as we felt confident your honorable committee would not advocate to reduce the present duty on this article in view of the conditions as set forth in our brief presented at the former tariff-revision meetings, to which we respectfully refer you.

We notice from a weekly journal of tariff news, however, that Messrs. John L. Whiting and J. J. Adams Co., of Boston, Mass., requested "that bristles be placed under one classification, as the fact whether they are crude, not sorted, bunched, or prepared is not essential."

And for this reason we kindly ask you to consider our opinion on this subject:

We do not quite see the point that Mr. Whiting desires to make from his newspaper article. We think that it is just as essential to distinguish the manufactured bristles from the crude as in any other commodity. We think the present classification "fills the bill." We have not experienced any difficulty when importing bristles to classify them properly. If it is the brush makers' intention to try to lower the duty on hogs' bristles and increase the protection on the manufactured brush, we beg to say the average size brush does not contain over one-half to 1 ounce of bristles. On this quantity the duty would be less than one-half cent per brush, which the public would not get the advantage of. This small difference in the cost of manufacture of the brush would not lessen the ultimate selling price of the brush to the user, whereas, on the other hand, we manufacture great quantities of the domestic hog bristles, and if the duty were lowered it would either eventually kill the manufacture of the domestic bristles entirely, as it is as much as we can do now to compete with the foreign labor at the price of the imported article; or, possibly, the importers may increase their prices to just within the price for the domestic article, taking the extra profit resulting from the lower tariff and the brush makers would not benefit thereby notwithstanding.

The present duty of 7½ cents per pound is barely adequate to offset the difference in the cheap Chinese labor (from whence the largest quantities of the imported article originates) and the American labor, and should the duty be lowered we fear it would

PARAGRAPH 425—TROUSERS BUCKLES.

drive us out of the bristle business, which we established over 60 years ago. We would regret this exceedingly, not alone for ourselves, but for the number of men who have worked at our factory all their lives and know of no other means by which to make their livelihood; besides, the Government would lose the revenue.

We respectfully submit the above for your kind consideration, and beg to remain,
Yours, truly,

THE WILLIAM WILKENS CO.,
GUSTAV A. SCHLENC, *President*.

PETITION BY JOHN L. WHITING-J. J. ADAMS CO., BOSTON, MASS.

Schedule N—Sundries.—424. Bristles, sorted, bunched, or prepared, 0.07½ cents per pound.

Free list.—523. Bristles, crude, not sorted, bunched, or prepared.

We petition that all imported bristles be placed under one classification. If subject to duty, the same rate to apply, whether in prepared or crude condition.

The quantity of crude bristles imported is insignificant, and will not increase. It is not practicable, or economical for brush manufacturers, who are the only users of bristles to buy them in crude state. Quality can not be ascertained or the percentage of waste in crude bristles, also labor in the United States is higher priced in comparison with foreign labor. The great objection to importing crude bristles is that quality can not be determined.

The preparation of foreign bristles to be used in making brushes is entirely carried on by the manufacturers of brushes who have their own methods, which they hold as trade secrets. The buying of crude bristles and preparing them for use will not become a business of itself. A small quantity of American bristles, which are short length and low grade, is prepared by bristle-dressing houses, and is diminishing in volume.

If the Government can spare the revenue received from duty on bristles it will be of benefit to brush manufacturers to have all bristles on free list. Some brush manufacturers urgently desire this to be a fact. Our house would receive some benefit from free bristles, as the present duty is equivalent to a tax on bristle brushes of 2½ or 3 per cent.

It is of much more importance to all brush manufacturers in the United States that the duty on manufactured brushes be subject to a greater duty than at present, than that bristles be made free of duty. Bristles are the important raw material of brushes, but there are large quantities of brushes made abroad and in the United States which are made of various fibers and soft hairs.

If raw materials in a general way are placed on free list, bristles are distinctly entitled to that classification. Bristles are a raw material which is not, and can not be produced in this country.

Respectfully submitted.

JOHN L. WHITING-J. J. ADAMS CO.,
LEW C. HILL, *President*.

PARAGRAPH 425.

Trousers buckles and waistcoat buckles, made wholly or partly of iron or steel, or parts thereof, valued at not more than fifteen cents per hundred, five cents per hundred; valued at more than fifteen cents per hundred, and not more than fifty cents per hundred, ten cents per hundred; valued at more than fifty cents per hundred, fifteen cents per hundred; and in addition thereto on each and all of the above buckles or parts of buckles, fifteen per centum ad valorem.

See Adolph Keller, page 5125.

TROUSERS BUCKLES.

BRIEF OF DIECKERHOFF, RAFFLOER & CO., NEW YORK, IN RE TROUSERS BUCKLES.

NEW YORK, January 28, 1913.

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We respectfully request a reduction of duty on trouser buckles which are provided for in paragraph 425 under Schedule N of the present tariff, as follows:

PARAGRAPH 425—TROUSERS BUCKLES.

Buckles made of steel or iron valued at not more than 15 cents a hundred, 5 cents a hundred and 15 per cent ad valorem.

Buckles valued at more than 15 cents and not more than 50 cents a hundred, 10 cents a hundred and 15 per cent ad valorem.

Buckles valued at over 50 cents a hundred, 15 cents a hundred and 15 per cent ad valorem.

The buckles which are being imported are principally of the grade of which the foreign value is less than 15 cents per box of 100. These are made of steel, and pay duty at an equivalent rate of 48½ per cent ad valorem.

Buckles which are made of iron, and used on cheap grade of clothing, pay an equivalent rate of 63⅞ per cent ad valorem.

Buckles made of steel and valued over 15 cents a hundred, and less than 50 cents a hundred, pay an equivalent rate of 51½ per cent ad valorem.

Buckles valued over 50 cents a hundred are not imported.

Buckles made of brass pay duty as manufactures of metal at 45 per cent ad valorem.

Buckles under existing rates of duty are almost confined to the domestic manufacture, and the importations are less than 10 per cent of those produced in this country.

As buckles are an article of necessity, and are made in large quantities by machinery, we can safely state that with a reduction in duty imports and revenue would increase, and still would not interfere with the domestic manufacture of same.

We would ask that trousers buckles made of iron, steel, or brass to be reduced to 25 per cent ad valorem.

We would suggest that paragraph 425 of the present tariff act be changed to read as follows:

PARAGRAPH 425.

"Trouser buckles made wholly or partly of iron, steel, or brass, or parts thereof, 25 per cent ad valorem."

The following is a statement of trouser buckles imported from Germany in wholesale quantities, showing foreign cost, amount of duty as assessed under present act, also the equivalent rate of ad valorem duty. We also submit a sample card of buckles which are imported from Germany, from which the calculations appearing in the statement are made.

Article No.	Foreign cost.	Duty.	Equal to ad valorem.
102-103. Iron.....	43 pfennigs per 100, equal to 10½ cents, at 15 per cent.....	<i>Cents.</i> 1.537	
	Plus 5 cents per 100.....	5	
	Total duty.....	6.537	1 63⅞
124½ - 131½ - 231½. Iron.	63 pfennigs per 100, equal to 15 cents, at 15 per cent.....	2.25	
	Plus 5 cents per 100.....	5.00	
	Total duty.....	7.25	1 48½
141½. Steel.....	1.15 marks per 100, equal to 0.274 cent, at 15 per cent.....	4.11	
	Plus 10 cents per 100.....	10.00	
	Total duty.....	14.11	1 51½
122-123. Brass.....	2.05-2.20 marks, 0.488-0.524 cents, at 45 per cent.....		2 45
155/6 and all others on card up to 176.	63 pfennigs per 100, equal to 15 cents, at 15 per cent.....	2.25	
	Plus 5 cents per 100.....	5.00	
	Total duty.....	7.25	1 48½

¹ Ad valorem.

² Per cent.

Respectfully submitted.

DIECKERHOFF, RAFFLOER & Co.

PARAGRAPH 425—TROUSERS BUCKLES.

ALMA MANUFACTURING CO., BALTIMORE, MD., WRITE REGARDING BUTTONS, BUCKLES, ETC.

ALMA MANUFACTURING CO.,
Baltimore, January 7, 1913.

HON. J. CHARLES LINTHICUM,
House of Representatives, Washington, D. C.

DEAR SIR: As per our conversation this day, I submit below a list of the various products, headings in conformity with present tariff bills, and I also append to each heading the present duty:

Buckles, trousers and waistcoats, or parts of, made wholly or partly of iron or steel, valued at not more than 15 cents per 100, 5 cents per 100 plus 15 per cent ad valorem; valued at more than 15 cents per 100, and not more than 50 cents per 100, 10 cents per 100 plus 15 per cent ad valorem; valued at more than 50 cents per 100, 15 cents per 100 plus 15 per cent ad valorem.

Buttons, steel trouser, one-fourth cent line gross, plus 15 per cent ad valorem.

Buttons, horn, three-fourths cent line gross, plus 15 per cent ad valorem.

Snap fasteners or clasps, or parts of, by whatever name known, 50 per cent ad valorem.

I am also sending by parcel post a few samples of the above, more for the purpose of identifying these items than anything else.

With your permission, I beg to repeat that we are barely able with present tariff to meet European competition; in fact, in many instances, we are undersold by European manufacturers, which can readily be proven by list of imports. A reduction of tariff would mean a reduction of wages, because the wages paid in this country for skilled mechanics and operators is far in excess of the wages paid by our European competitors manufacturing in England, France, and Germany. The only other alternative would be to discontinue the making of above products in this country.

Thanking you for the time granted me in to-day's interview and for your courtesy, I remain,

Very respectfully, yours,

H. KERNGOOD.

ADDITIONAL DATA.

BALTIMORE, January 11, 1913.

Until 1893 casehardened steel products, such as buttons and buckles, were not made in this country, but were imported mostly from Westphalia, Germany, and France. I was induced by American dealers to undertake the making of these goods and began to do so that year. The difficulties beginning operations in this country were many, but we managed to exist under protection and continued to enjoy the patronage of the jobbing trade in this country until the tariff was reduced during the Cleveland administration.

At this time we have quite a number of manufacturers making casehardened goods, and present duty is entirely satisfactory, though foreign manufacturers are competing with us for trade and receive a share of this business irrespective of present duty. It is obvious that they can manufacture cheaper because of cheaper labor. I am advised that they are about on a par with us on up-to-date machinery.

Snap fasteners for use on gloves and on leather goods are brought into this country at an abnormally low figure at this time, irrespective of present specific duty of 50 per cent; the cost of raw material in this country and in Germany is about the same; the difference, if any, in the cost of raw material could not be considered a factor; it is simply a difference in cost of labor, which enables the European manufacturer to land, for instance, a fastener provided with a 24-line solid celluloid or horn top or button, stamped with design to suit the requirements of the customer, and such design or letters filled with bronze or aluminum, etc., at 91 cents per gross. Competition among American manufacturers on this article is exceptionally keen, and close competition has brought this specific article down to \$1.10 per gross; the only "saving clause" is our ability to serve a customer more quickly than the European manufacturer, because of distance and length of time it requires to fill orders, but large orders, no doubt, are being placed abroad, because of the lower figure—orders for which the customer is willing to wait three or four months for delivery.

We could submit many more examples, if desired, relating to buckles and snap fasteners as well.

Steel buttons are imported in limited quantities only. The present tariff is ample protection.

PARAGRAPH 426—BUTTON FORMS.

Horn buttons are being brought in freely at present rate of duty, but this is due mainly to the fact that the European horn-button manufacturer controls to a great extent the supply of raw material; but we will manage eventually to build up this line at present rate of duty.

H. KERNGOOD.

PARAGRAPH 426.

Button forms of lastings, mohair or silk cloth, or other manufactures of cloth, woven or made in patterns of such size, shape, or form as to be fit for buttons exclusively, and not exceeding three inches in any one dimension, ten per centum ad valorem.

BUTTON FORMS.**TESTIMONY OF C. H. PUTNAM, ESQ., REPRESENTING NEWELL-PUTNAM MANUFACTURING CO., SPRINGFIELD, MASS.**

The witness was duly sworn by the chairman.

Mr. PUTNAM. I represent the Newell-Putnam Manufacturing Co., and speak in reference to cloth-covered buttons, Schedule N, paragraphs 426 and 427, which is unprovided for in paragraph 427 at 50 per cent ad valorem.

Prior to the Payne tariff bill the duty on these materials was 10 per cent ad valorem, in paragraph 426. It has been at this same rate from March 3, 1863. In the tariff act of March 2, August 5, and December 24, 1861, they were admitted free. In the act of March 3, 1857, they paid 4 per cent, and in the act of July 30, 1846, 5 per cent.

In the existing tariff, the Payne bill, the rate of duty is 10 per cent ad valorem, in paragraph 426, but a clause was added "not exceeding 3 inches in any one dimension."

This has been a great detriment to the manufacturers of covered buttons in this country, as it has barred them from getting many materials which it would be unprofitable to import in such small sizes.

I will explain that. The sizes used are coat, vest, and overcoat. The 3-inch in any one dimension is an overcoat size, 36 line. The other sizes which are very much used go into paragraph 383, page 49, of the present act. That is 50 cents a pound and 60 per cent ad valorem, which is prohibitive.

Mr. HAMMOND. Those are very large buttons?

Mr. PUTNAM. Yes.

The CHAIRMAN. By putting in that language it made those buttons prohibitive?

Mr. PUTNAM. It made them prohibitive.

Mr. HULL. When did you say that language was put into the Payne law?

Mr. PUTNAM. In 1909.

Mr. FORDNEY. Does that affect the material you use, do I understand you to say?

Mr. PUTNAM. Yes, sir. If that should be eliminated—the "not exceeding 3 inches in any one dimension," as stated in paragraph 426, it would be very beneficial to the manufacturers of this country, as it would enable them to use a great many more materials, and therefore add to the revenue of the Government.

Mr. HILL. What material does it prevent you from using now?

PARAGRAPH 426—BUTTON FORMS.

Mr. PUTNAM. All classes of cloth material—soft material, silks, velvets.

Mr. HILL. Since that time has the size of the buttons grown?

Mr. PUTNAM. Very much so.

Mr. HILL. Then it was not prohibitive at the time it was put in?

Mr. PUTNAM. Not at all. The style has changed.

Mr. HILL. It is because of change of fashions?

Mr. PUTNAM. Yes; it is because of change of fashions.

Mr. HILL. As a matter of fact was it not true that under the other clause, as the Dingley law was at the time, there was a good deal of fraud, and a good many pieces of cloth were brought in presumably as button forms for the purpose of making buttons, that were not used for that purpose?

Mr. PUTNAM. Not many.

Mr. HILL. There were some, were there not?

Mr. PUTNAM. There were some few; yes.

Mr. HILL. And it became necessary in view of the fact it was only a 10 per cent duty—

Mr. PUTNAM. Yes; it went into trimmings.

Mr. HILL (continuing). To clearly and specifically define that it should not be used for anything else.

Mr. PUTNAM. Yes.

Mr. HILL. Then there was justification for making that change?

Mr. PUTNAM. That was the highest price that was paid for that material since, as I have stated, 1863.

Mr. HILL. It was only a 10 per cent duty?

Mr. PUTNAM. Yes.

Mr. HILL. And it was simply because it was almost waste, and it was made so small it could not be used for any other purpose than buttons, and for that reason the 75 or 80 per cent duty was cut down to accommodate the convenience of the button makers?

Mr. PUTNAM. Yes.

Mr. HILL. Your statement is that fashion has dictated a very much larger button?

Mr. PUTNAM. Yes.

Mr. HILL. And you want that restriction in the matter of dimension taken off so you can use any size which is used for buttons?

Mr. PUTNAM. Yes, sir. We ask to have eliminated that expression "three inches in any one dimension."

Mr. HILL. It would have to be very carefully drawn to prevent the same trouble there was before.

Mr. HILL. What would you substitute?

Mr. PUTNAM. I think if they were cut to the sizes for what the buttons are used—

Mr. FORDNEY. What size is necessary now?

Mr. PUTNAM. It goes up to 70 and 80 lines—there are several sizes. Now it is just a little bit of a button, about the size of a quarter. The limit in size now is three inches in any one dimension.

Mr. FORDNEY. How many inches would you suggest now?

Mr. PUTNAM. Eight inches.

Mr. FORDNEY. Could it be used for anything else except button material then?

Mr. PUTNAM. Absolutely none.

PARAGRAPH 426—BUTTON FORMS.

The CHAIRMAN. You do not mean to say it would require eight inches. There is no button big enough to require eight inches of cloth to cover one button.

Mr. PUTNAM. Oh, yes, there is, Mr. Chairman. Take the ladies' big fur coats.

Mr. HILL. Would not they make caps out of a piece of that size?

Mr. PUTNAM. Not very well.

Mr. HILL. Cut them diagonally and match them up?

Mr. PUTNAM. No, it is pretty hard.

Mr. HILL. They did do it.

Mr. PUTNAM. I do not see how they could, because they are made on a Jacquard loom. A Jacquard loom is fancy effects; the edges fray. They have just got to be made in form for button purposes exclusively.

Mr. FORDNEY. How big is a button that will require a piece of cloth 8 inches square?

Mr. PUTNAM. Well, I guessed at the 8 inches. I should say that it is about a size close to a dollar. You understand 8 inches is necessary, because you take an 8-inch cover and probably need half an inch to draw down under the button, to draw the material under the metal, to close it, to hold it. Therefore an 8-inch piece would be drawn down to 7½ inches.

Mr. PALMER. Seven inches in diameter?

Mr. PUTNAM. Yes.

Mr. PALMER. Is there a button that big?

Mr. PUTNAM. I would say that is what we term a "hundred line."

Mr. PALMER. A hundred line? There are 40 lines to the inch, are there not?

The CHAIRMAN. That would be a button 2½ inches in diameter?

Mr. PUTNAM. It is 40 line centimeters to the inch. That is the expression used. Now, what we call a 3-inch cloth permits us to make only a 36-line button.

Mr. PALMER. A 3-inch piece?

Mr. PUTNAM. Three inches in diameter.

Mr. PALMER. Makes a button less than an inch in diameter?

Mr. PUTNAM. Yes, sir; less than an inch in diameter.

Mr. PALMER. And so in proportion?

Mr. PUTNAM. Yes; you take 6 inches, that would make 72 lines; 3 inches make 56 lines, and so on.

Mr. HAMMOND. I thought there were 40 lines to the inch.

Mr. PUTNAM. Forty line centimeters to an inch. We use the French expression of centimeters in measuring buttons. We adopted it from Europe.

The CHAIRMAN. The other people use lines?

Mr. PUTNAM. We use lines, too.

Mr. FORDNEY. Are you limited in your ability to get material in this country?

Mr. PUTNAM. Yes; for the reason there are no machines here. You see, these are Jacquard looms. Those looms are principally in Germany. They are made by special machinery for button purposes only, and we have none in this country. We have a few Jacquard looms, which are for neckwear, silks, and things of that kind.

PARAGRAPH 426—BUTTON FORMS.

Mr. FORDNEY. Then the material is not made here?

Mr. PUTNAM. No; the material is not made here.

Mr. FORDNEY. The duty is so high you can not import it, you say?

Mr. PUTNAM. It is prohibitive in the larger sizes.

Mr. PETERS. Under what paragraph are the importations exceeding 3 inches?

Mr. PUTNAM. Paragraph 426.

Mr. PETERS. What rate do they bear then?

Mr. PUTNAM. Paragraph 426.

Mr. FORDNEY. No; this is 426 where they are located now, and he says not exceeding 3 inches.

Mr. PUTNAM. In any one dimension.

Mr. PETERS. What paragraph do the importations that exceed 3 inches come in under?

Mr. PUTNAM. Paragraph 383, at page 49 of the act, 50 cents a pound and 60 per cent ad valorem.

Mr. PETERS. Do you know what the ad valorem rate is on those?

Mr. PUTNAM. No; I do not.

Mr. PETERS. It says so much a pound.

Mr. PUTNAM. Fifty cents a pound and 60 per cent.

Mr. PETERS. You do not know what the ad valorem equivalent is?

Mr. PUTNAM. No.

Mr. PETERS. It is largely prohibitive, you say.

Mr. PUTNAM. It is prohibitive; yes, sir.

The CHAIRMAN. The button rate is 10 per cent. Of course, when it gets up into the cloth rate—

Mr. PUTNAM (interposing). On the manufactured buttons in paragraph 427 we respectfully request a 50 per cent ad valorem as heretofore.

The CHAIRMAN. Can you tell me the amount of imports and of American production?

Mr. PUTNAM. No. That is in an unprovided list. In 1911 in that unprovided list it was something like \$206,000, with a duty of \$103,000 paid. There is no classification. We can not find the amount. There is no way of telling it.

The CHAIRMAN. We are not going to write a prohibitive rate, and it is advisable for you to show us the amount of competition if you want to maintain your rate.

Mr. PUTNAM. Yes.

The CHAIRMAN. If you have reasonable competition now you have a good chance for a day in court, but if you have a prohibitive rate, if you can get the information as to the comparative imports and the American production, it would be a good thing for you to give it to this committee. We are suffering, of course, from the same trouble you are with respect to these schedules where they are classed together.

Mr. PUTNAM. I was to the Treasury Department, but we find it impossible to get the exact amount of cloth-covered buttons that came in in any year, because they are all in an unprovided list, which come in under a 50 per cent ad valorem duty.

Mr. HARRISON. There is only one class of buttons that comes in under the 50 per cent ad valorem duty. That is silk buttons, and then the basket clause.

PARAGRAPH 426—BUTTON FORMS.

Mr. PUTNAM. Fifty per cent.

Mr. HARRISON. The other buttons carry specific duties with ad valorem running all the way through.

Mr. PUTNAM. It says for the unprovided—

Mr. HARRISON. Those that are not specifically provided for.

Mr. PUTNAM. Yes.

Mr. HARRISON. That is what we call the basket clause.

Mr. PUTNAM. Yes.

Mr. HARRISON. Your kind of buttons are not specially mentioned.

Mr. PUTNAM. No. There are other classes of buttons coming in under the same duty.

Mr. HARRISON. I have no doubt there are several different kinds of buttons that come in under the basket clause; but the only class that carry the 50 per cent ad valorem are silk buttons and the basket clause.

Mr. PUTNAM. Yes.

Mr. HULL. What is the labor cost?

Mr. PUTNAM. That is guided entirely by the class of merchandise.

Mr. HULL. I notice that imports under this basket clause seem to be less than 1 per cent of the domestic production.

Mr. PUTNAM. One per cent?

Mr. HULL. Less than 1 per cent.

Mr. FORDNEY. What is your labor cost for the entire output of the buttons?

Mr. PUTNAM. About 60 per cent.

Mr. FORDNEY. Sixty per cent?

Mr. PUTNAM. Yes, sir.

Mr. FORDNEY. And the material is 40 per cent?

Mr. PUTNAM. Well, not quite, because we add our overhead charges and profits, etc.

Mr. FORDNEY. Your overhead charges are not included in your labor cost?

Mr. PUTNAM. No.

Mr. HULL. Do you export any?

Mr. PUTNAM. No, sir. They are all for domestic use.

The CHAIRMAN. It is very material to the proposition in connection with your button question, of how your imports compare with American production.

Mr. PUTNAM. The question in our case is entirely one of import, because you can see from the act back to 1863 that there always has been a lower tariff on the raw material.

The CHAIRMAN. I am not questioning about that matter. I think you have explained the case very clearly about your buttons. I have no desire to see your buttons thrown into the cloth schedule and make you pay a 60 per cent rate when other buttons are paying a 10 per cent rate. I think you make that clear.

The question you are talking about as to the 50 per cent duty on the finished product, the finished button, that is another matter. What we want to do is to get the information.

Mr. PUTNAM. That 50 per cent duty, as near as we can figure it out, is about the difference of the wages between Germany and Italy, France, and this country. (See letter which follows.)

PARAGRAPH 426—BUTTON FORMS.

The CHAIRMAN. You mean their labor cost is half as much as yours?

Mr. PUTNAM. Just about half.

The CHAIRMAN. Then you would only need a 25 per cent rate to equal the difference? If the total labor was 60 per cent, and the labor there costs half as much as it does here, a 30 per cent rate would equalize your labor cost?

Mr. PUTNAM. Yes.

Mr. FORDNEY. In addition to that, the duty he pays on the raw material must be protected, too.

The CHAIRMAN. That is only 10 per cent.

Mr. PUTNAM. Ten per cent, and besides the expense of carrying charges, etc.; commissions for bringing it in, and so on.

The CHAIRMAN. Besides the 10 per cent you pay on your raw material when you come in here, when the other man brings the raw material in here he brings it in under a 50 per cent rate, and the value of the raw material is assessed just as a finished product. It goes into the finished product, so it has increased very much the production of your raw material. It seems to me that is taken care of.

What I want is to get the facts. If the 50 per cent rate is a prohibitive rate I do not think you need to contend for it here.

Mr. PUTNAM. It is not. The importer only asks for 40 per cent—the importers this afternoon.

The CHAIRMAN. I think they wanted—

Mr. PUTNAM (interposing). They wanted 40 per cent and the 50 per cent ad valorem.

Mr. FORDNEY. Rest assured they want a rate sufficiently low to bring in competition.

Mr. PUTNAM. Yes, sir.

Mr. HARRISON. Some of the other importers asked for 25 per cent.

The CHAIRMAN. What I want to find out about your matter is the amount of competition you have got. If you can furnish it later, in the form of a letter, I wish you would give the committee that information. In connection with a great many articles we can get that information from the reports ourselves; but on these buttons they are not given separately, and if you can give us that information we would like to have it.

NEW YORK, N. Y., February 3, 1913.

HON. OSCAR W. UNDERWOOD,
Ways and Means Committee, House of Representatives,
Washington, D. C.

DEAR SIR: The writer would beg of you to be permitted to change his testimony in connection with the difference of wages paid in this country and other foreign countries, which I stated was 50 per cent. In fact, it is more than 100 per cent.

Would kindly refer you to the briefs filed by the other button manufacturers, namely, ivory, who give the reports of the different consuls in Germany, France, England, and Italy, which will confirm the above statement regarding the difference in wages in this country.

Trusting you will grant the request, beg to remain, yours, very truly,

NEWELL-PUTNAM MANUFACTURING CO.,
C. H. PUTNAM.

PARAGRAPH 427—BUTTONS.

SUGGESTION OF W. A. SCHNEIDER, NEW YORK, N. Y.

W. STURSBURG, SCHELL & Co.,
New York, January 3, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: I would suggest that paragraph 426 of the present tariff be changed as follows: Insert after the word "form" the words "or cut in such manner," and eliminate the words "and not exceeding three inches in any one dimension."

This suggested change is simply a return to the rate in the Dingley and preceding tariff acts. This would give our button manufacturers cheaper and better raw material and at the same time give the Government additional revenue.

Respectfully submitted.

W. A. SCHNEIDER.

PARAGRAPH 427.

Buttons or parts of buttons and button molds or blanks, finished or unfinished, shall pay duty at the following rates, the line-button measure being one-fortieth of one inch, namely: Buttons known commercially as agate buttons, metal trousers buttons (except steel), and nickel bar buttons, one-twelfth of one cent per line per gross; buttons of bone, and steel trousers buttons, one-fourth of one cent per line per gross; buttons of pearl or shell, one and one-half cents per line per gross; buttons of horn, vegetable ivory, glass, or metal, not specially provided for in this section, three-fourths of one cent per line per gross, and in addition thereto, on all the foregoing articles in this paragraph, fifteen per centum ad valorem; shoe buttons made of paper, board, papier-mache, pulp or other similar material, not specially provided for in this section, valued at not exceeding three cents per gross, one cent per gross; snap fasteners, or clasps, or parts thereof, by whatever name known, fifty per centum ad valorem; buttons of metal, embossed with a design, device, pattern, or lettering, forty-five per centum ad valorem; buttons not specially provided for in this section, and all collars or cuff buttons and studs composed wholly of bone, mother-of-pearl, or ivory, fifty per centum ad valorem.

See Geo. Borgfeldt & Co., page 5223.

BUTTONS.

TESTIMONY OF HENRY T. NOYES.

The witness was duly sworn by the chairman of the committee.

Mr. NOYES. Mr. Chairman, I ask permission to leave with your committee some little exhibits which perhaps will make our industry a little more clear to the various members of the committee. I appear,

Ir. Chairman, for the German-American Button Co., of Rochester. At the same time I wish to state to you that I find here in Washington 14 other manufacturers of vegetable-ivory buttons who, unknown to me, have come here and who are on your list for hearing. In order to save the time of your honorable body, these gentlemen have waived their rights of appearing, and I will try to deal with the subject, if you will permit me to do so.

The CHAIRMAN. Let me call over the names of these other gentlemen. Do you appear for all the button manufacturers?

Mr. NOYES. I am appearing just for the German-American Button Co., Mr. Underwood.

The CHAIRMAN. I see.

Mr. NOYES. But I shall try to cover the situation.

The CHAIRMAN. Very well, proceed.

Mr. NOYES. I want to make clear to you, first, Mr. Chairman, that there are a good many branches to the button business. There are

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some 20 or 30 kinds of buttons made in the United States. The output of vegetable-ivory buttons is a small output as related to the whole. Nevertheless, it is our industry and, of course, it is important to us. Vegetable-ivory buttons are made from a nut found in the northern part of South America and in Africa. It is the seed of a palm tree. It is a good deal analogous to our horse-chestnut, but when grown in tropical climates, it is harder and more durable. Vegetable-ivory buttons are used largely on men's clothing—on men's high-grade clothing. They are novelties and are sold by reason of the fact that they are novelties, and for the styles and effects which we produce in vegetable ivory buttons. Vegetable-ivory buttons, thus, in one sense, are a luxury, because the cheap buttons on cheaper clothing are made of composition, bone, rubber, metal, and other materials.

Most people, I believe, think of the buttons on their clothes as either bone or rubber; but if you take a high-grade suit or a merchant-tailored suit, you will find they are made of vegetable ivory and that bone and rubber buttons are used on the cheaper grades of clothing. I can make the distinction rather clear, if you will permit me to file this exhibit with you. These are composition buttons [exhibiting]. The prices are stated at the side. These buttons of the German-American Button Co. are vegetable-ivory buttons, with the prices stated at the side [exhibiting]. I think it will be evident to you from these samples that ivory buttons are, to a large extent, ornamental and novel. Thus, the first point I want to make is this: That it is not a question of cheap buttons in any measure when you speak of ivory buttons. All of the manufacturers of vegetable-ivory buttons are trying to create styles and novelties. All of us have to make entirely new lines of goods every season; every six months. A button may be worth a dollar to-day and only 40 or 50 cents to-morrow. We have to make entirely new lines. That is the nature of our business. We are trying to get business from those people who want novelties and effects in buttons and who, for novelty woollens and novelty clothing, are willing to pay the price that they have to pay for buttons made of vegetable-ivory nuts. I want to submit to you some arguments, if you will permit me, and the first one would be this: That if in drafting a tariff for revenue it is justifiable to consider American labor, we have a very strong case to present to you. Our ivory nut grows, to a large extent, wild. The cost is largely in the cost of gathering and transportation. The labor, on the other hand, is the one important element in connection with the making of vegetable-ivory buttons. Speaking of our concern, I want to state that on 84 per cent of our business the labor averages 80½ per cent as against 19½ per cent for raw material. I further wish to state to you, and I will elaborate on it later, that wages paid in this country are three times those paid in Europe. Therefore, if you do consider labor, we have a strong case to present to you. My second point would be this: That if in drafting a tariff for revenue it is justifiable to consider the protection accorded the consumer, by reason of domestic and foreign competition, that we have a strong case to present to you.

Mr. PALMER. Is there any duty on these nuts?

Mr. NOYES. No, sir; the nuts are brought in free, as they are in all countries of Europe. Your committee has received to-day, I believe,

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from Price, Waterhouse & Co., of New York, accountants, a statement as to the profits of this industry for the past three years, or rather, for the years 1909, 1910, and 1911. Briefly those figures, covering 90 per cent of the industry, show that on the actual capital invested in this industry for three years of time the industry averaged 4.13 per cent per annum; that the industry for three years averaged on its sales per annum—its average sales—3.59 per cent. The figures for two years are not as good as they are for three. For the last two years the industry has averaged on actual capital invested in the business 2.73 per cent. Now, this does not tell all the story, gentlemen, because during those three years three or four concerns have failed, and if we were to add their losses the percentage would be less than I have given you. I ask you then, gentlemen, do you wonder at the fact that the manufacturers of buttons have come here of their own accord to ask of you a hearing? The situation with them is vital, as appears from the figures I have given to you. We have never had in the industry any agreements, pools, or things of that kind. We have not even an association, and I meet for the first time here in four or five years some of my principal competitors. When I left and came here Monday I did not expect to see over four of my competitors in business, but the others are here—some 14 or 15 of them are here to-night.

Mr. KITCHIN. What is the annual output of the whole industry in America?

Mr. NOYES. I can not give you that, only to say this: That according to the census of 1900, on the importation of nuts to the extent of 8,000 tons, the business amounted to a million one hundred thousand dollars. According to the census figures of 1905, on nuts imported to the extent of 9,800 tons, the business was \$1,300,000. The importations in 1912 amounted to 11,500 tons. The census of 1910 did not distinguish this industry as apart from the others in the business. It is a small industry, as I stated in the beginning, but to those of us who are engaged in it, it is an important one. I have emphasized to you that we have no combinations of any kind in restraint of trade in the industry, and I think the figures of profit in it abundantly emphasize that fact. I also want to state to you that foreign competition has been constantly increasing under this tariff, which was adopted in 1897. It is to-day, comparatively speaking, very substantial and there is never a time when we have felt it more than we have in the last year or two.

The third point I wish to make to you is this: That if ever a combination specific and ad valorem duty has justified itself, and is justifiable to-day, it is the present combination duty on vegetable ivory buttons. This business has struggled through the past 30 years to get a foothold in America. It was utterly ruined from 1883 to 1889—utterly wiped out by the tariff of that time. It got a precarious footing under the McKinley tariff only to be utterly ruined again under the Wilson tariff when the rate of duty was 35 per cent. Since 1897 we have become, to a certain extent, established in this country.

Mr. PALMER. Who are your principal competitors?

Mr. NOYES. You mean foreign competitors?

Mr. PALMER. Yes.

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Mr. NOYES. May I refer to that in just a minute? I am coming to it, if you will permit me?

Mr. PALMER. Yes.

Mr. NOYES. I would like to claim this, gentlemen, that regarding the present duty, from the public's standpoint it has proven itself almost ideal, and for the following reasons:

First. I call your attention to the ad valorem equivalents of this duty. When the duty was established it was a duty of about 75 or 80 per cent ad valorem equivalent, according to the records of your Department of Customs. It then changed from 79 per cent down to 71, to 62, to 54, and to 45. For the last fiscal year the ad valorem equivalent was 45 per cent. The reason for this is apparent, when I tell you the following facts:

The duty, in part specific—in large part specific—has remained constant. The raw material and labor have gone up. Consequently the ad valorem equivalent has reduced itself until, as I stated, for the last fiscal year it has been equivalent to 45 per cent. It has been an ideal duty, therefore, in that particular.

Second. The importations under this duty have increased, and are three times now what they were under the first years of the tariff.

Third. This tariff has exceedingly benefited American labor. Our concern—and although a young man, comparatively, I am among the oldest now in the business—our concern did start in business along in the nineties. We have our labor records for 1896, and as against the year 1896 we have advanced the rate of wages to our females 128 per cent; we have advanced the rates of wages to our men 87 per cent. My fourth claim that this duty has proven ideal is this: That the public has benefited by reason of the duty. Strange as it may seem, from the facts that I am going to give you in a moment, the prices of vegetable-ivory buttons are no higher to-day than they were in the year 1897. Indeed, some items are shown to be lower than the prices prevailing at that time. Now, gentlemen, that is in the face of the fact that raw material is about 300 per cent of what it was in 1897, and labor has nearly doubled. I do claim, Mr. Chairman, as a manufacturer, that we have made progress in invention, progress in perfecting methods, and the public has had the benefit of it in our industry. Our duty, therefore, has proven ideal, Mr. Chairman, for the four reasons that I have submitted.

This duty is justified. I think we have to present to your honorable body labor statistics comparing wages in this country and foreign countries that are perhaps unequaled by any that have been submitted to you. I refer, first, to the labor statistics that we will submit to you furnished by the United States consuls at the various points where this industry is located in Europe. We have their reports, and in very comprehensive form. They have been compiled in a brief which we will file with you, if you will permit us to do so. Briefly, on basis of the figures furnished us by the American consuls, the foreign wage in England, Germany, Austria, and Italy is 32½ per cent of that in this country. Those are figures based on consular reports. Secondly, I wish to testify to you, personally, on this subject. In the last few years I have visited Europe twice. I have made it a point to call on every competitor that I have in those countries, so

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far as I know them. I have conferred with them; I have made investigation as to wages paid, and I wish to state to you on my personal knowledge that the wages paid in Germany are about 35 per cent of those paid here; that the wages paid in Austria are about 30 per cent; and in Italy 25 per cent. Labor is the one important item in the button business, and it is very obvious from the history that the button business of the world has followed cheap labor.

Mr. KITCHIN. Which one of those countries is making the cheaper product?

Mr. NOYES. You see, with the ivory buttons, it is not a question of cheapness—

Mr. KITCHIN. The cheaper product, I say. With which one of those countries have you the keener competition?

Mr. NOYES. Oh, Italy has the lowest wages and the most efficient labor. I have told you that we have presented the labor statistics—

Mr. KITCHIN. Since you have increased your labor wage about 100 per cent you are turning out cheaper product?

Mr. NOYES. We are selling our product at no higher prices, and, if anything, lower, by reason of the improvements in processes and in methods of manufacture.

The CHAIRMAN. Did you state the amount of your production?

Mr. NOYES. I gave you the figures of the census, Mr. Underwood, so far as we have them. I further have this to say to you, gentlemen, that I have written statements in my possession, as regards wages in the foreign countries, which I believe are absolutely authentic. I will ask the privilege of submitting those to you, without having them appear in the public records. Those statements are signed. Your reading of them will reveal my reason for asking that. I believe they will justify all the claims I have made here regarding the percentage of labor cost in these foreign countries.

The CHAIRMAN. I will say this to you: It is not necessary for you to publish a brief in the printed hearings, if you do not desire to do so.

Mr. NOYES. I do not ask permission to publish any brief.

The CHAIRMAN. Well, you may do it or not, as you please, and what you submit to the committee will be treated confidentially, unless the committee determines that to defend its case it has got to use the material.

Mr. NOYES. That is perfectly satisfactory.

The CHAIRMAN. And if you submit anything to the committee, you have got to recognize that we have the right to use it, if we wish to.

Mr. NOYES. These are signed statements by authorities in Europe, which you will recognize when you see them. It would embarrass me to have them appear in the public record.

The CHAIRMAN. You will have to trust that to our discretion.

Mr. NOYES. Yes; I will trust the matter entirely to you.

Mr. FORDNEY. You may request that unless we find it necessary to make them public, we do not do so.

Mr. NOYES. Yes.

Mr. HAMMOND. I understood you to say, in response to a question by the chairman, that you did not wish your brief published?

Mr. NOYES. Oh, no, sir. We want all of the data we submit published.

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Mr. HAMMOND. In the record?

Mr. NOYES. Yes, except this one particular matter—some foreign statements, which are addressed to me personally.

Mr. HAMMOND. I understand.

Mr. NOYES. It is only that one question. And even without those, gentlemen—they simply corroborate the statements of the American consuls, and the accuracy of my personal statements.

Mr. HAMMOND. I understand, but did you state in answer to a question by the chairman, that you did not want your brief published?

Mr. NOYES. Oh, no; everything we submit to you we wish published. I also wish to state to you that not only from the standpoint of labor has the foreigner the advantage against us, but he also has an advantage in the raw material. I also wish to state to you that the efficiency of labor of the Italians who are engaged in this business is very high. The northern Italians, who are located in the small towns along the foothills of northern Italy, are a class of working people more like Americans than I have ever met, and I was tremendously impressed with the efficiency of that labor. It is the same class of labor that has been engaged over there in the automobile industry, and has developed into very high class labor.

Mr. RAINEY. Do they come over here and work in your factories?

Mr. NOYES. Yes; we have Italians in our factory. The northern Italians very seldom come to this country, however, as you perhaps know. The northern Italians stay at home and are engaged in manufacturing. I want to state to you gentlemen that a change in the tariff will not, in any way, benefit the consumer. You see, we are dealing with an article of style, that is sold because of style and effect, at prices that are apparent from the exhibits, of five to ten times over the price of the ordinary cheap buttons—composition, bone and buttons of that type. Our buttons are bought largely for the effect and novelty on novelty clothing. At the same time, the cost of those buttons on a suit of clothes is very trivial, and it would be impossible to figure almost any change that would result in the cost of a garment by reason of a change in the tariff.

Mr. FORDNEY. What is the difference between a gross and a great gross?

Mr. NOYES. A gross is 12 dozen. A great gross is 12 times that—12 times a gross.

Mr. FORDNEY. A man in here this morning referred to the duty on a great gross—

Mr. NOYES (interposing). It is just 12 times a gross.

Mr. FORDNEY. And I figured on 144 buttons, and he was figuring on 1,728?

Mr. NOYES. Exactly.

Mr. FORDNEY. And he said if the duty were reduced from 40 per cent to 25 per cent on those 1,728 buttons, that the consumer of clothing that got half a dozen of those buttons on a suit, or a little dress for a child, would get the benefit of that difference in the tariff, and it would be about 3 mills on a suit of clothes with a dozen buttons on it, would it not?

Mr. NOYES. I should think just about that, without figuring it accurately. It is an infinitesimal amount.

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Mr. FORDNEY. I thank you for giving it to me correctly.

Mr. HULL. Why is the cost of material greater to an American manufacturer than to those in Europe? It comes from the same place in South America, does it not?

Mr. NOYES. Yes; but there are two reasons for that. In the first place, we are a very small part of the ivory-button business of the world. In Germany, Austria, and especially in Italy, they manufacture for all the world—for England, for Mexico, for China, and for all countries of the world. The amount they handle is tremendously large compared with what we do. Furthermore, the gathering and shipping of this product from Ecuador and South America is almost exclusively in the hands of Germans, and they have constantly held us up in New York and sometimes literally forced us to pay exorbitant prices compared with the prices that they were obtaining in Hamburg at the given moment. In fact, frequently, in order to get supplies, we have to go to Hamburg and buy them and have them come over here.

Mr. HULL. Is there any difference in the supply of this raw material?

Mr. NOYES. It seems abundant so far.

Mr. HULL. Do they not make alcohol out of the nuts also?

Mr. NOYES. An effort was made to make alcohol out of the waste, but the concern that attempted to do it failed and went into the hands of a receiver.

Mr. HARRISON. They make oil out of them, do they not?

Mr. NOYES. No.

Mr. HARRISON. Do they not make oil out of palm nuts?

Mr. NOYES. Possibly, but not out of these nuts, as far as I know.

Mr. HAMMOND. Do you export any ivory buttons?

Mr. NOYES. No, sir; I think, under the circumstances we have, it shows it would be impossible to do so.

Mr. HAMMOND. None are exported?

Mr. NOYES. I do not see how it would be possible.

Mr. HAMMOND. You think they are not exported?

Mr. NOYES. I have no means of knowing. The figures of the customhouse department would show. I would not spend two minutes in an effort to do so.

Mr. HARRISON. You have been engaged for 20 years in making buttons?

Mr. NOYES. Approximately that time.

Mr. HARRISON. And in a general way, you are familiar with the manufacture of all kinds of buttons?

Mr. NOYES. To some little extent.

Mr. HARRISON. Have you been present in the room here for the last two days?

Mr. NOYES. At certain periods.

Mr. HARRISON. And have you heard the various importers of buttons testify before the committee?

Mr. NOYES. In what respect, Mr. Harrison, have you in mind?

Mr. HARRISON. I have been very much struck with the unanimity of opinion among the gentlemen who have preceded you on the button proposition, their judgment being that the duties upon all

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kinds of buttons ought to be reduced to about 25 per cent ad valorem, excepting the pearl buttons, which they thought ought to be kept at the present rate of specific duty, which is about 64 per cent, if I recollect it; and these statements did not proceed solely from manufacturers, but from importers, and the striking part of it was that they all seemed to have the same idea. Have you any explanation of that?

Mr. NOYES. I think I perhaps can offer some, Mr. Harrison.

Mr. HARRISON. Perhaps I may ask you one or two questions about it.

Mr. NOYES. Yes, sir.

Mr. HARRISON. Do you manufacture the vegetable-ivory buttons and sell to jobbers?

Mr. NOYES. No, sir; we do not. To a great extent the tendency of the business has been to sell more and more direct from the manufacturer to the consumer, and we have largely accomplished that, and as regards the jobbers who have testified here, they buy, if at all, very few vegetable ivory buttons. I can only say this, of course they have taken offense at the fact that we have gone directly to the trade instead of selling through their hands.

Mr. HARRISON. In other words they are jobbers of domestic buttons when they can get hold of them, as well as importers of foreign buttons?

Mr. NOYES. Yes, sir.

Mr. HARRISON. Is it true that the other kinds of button manufacturers excepting the pearl buttons are also selling directly to retailers or to the consumer?

Mr. NOYES. I think in some cases and in a number of cases they do; a large number of cases.

Mr. HARRISON. Is it true as to the pearl-button manufacturers that they do not sell to the consumers, but sell to jobbers?

Mr. NOYES. I think that in a large measure the pearl buttons are sold through these jobbers who have testified here before your committee.

Mr. HARRISON. So that their market for buying buttons is more or less confined to the pearl-button manufacturers of the United States and the foreign manufacturers of other kinds of buttons?

Mr. NOYES. Yes, sir.

Mr. HARRISON. So their interests under those circumstances are to increase their market of foreign buttons by cutting the duty down and hold on to their market of domestic buttons by keeping the duty up on pearl buttons?

Mr. NOYES. I think that might be an obvious conclusion, Mr. Harrison.

Mr. HARRISON. That has been a very great mystery, and I am very glad if I have succeeded in explaining it away.

Mr. NOYES. I think it is but fair to say, as I understand it, and as known in the trade, these selfsame jobbers are interested, some of them, in plants manufacturing pearl buttons.

Mr. HARRISON. I think the last of these gentlemen who appeared here stated they were not themselves, but if I had had this information at the time they were on the stand I think I should have asked

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them about their selling agreements with the pearl button manufacturers.

Mr. PALMER. There was one that was.

Mr. RAINEY. In other words, these importers of buttons control the domestic output of sweet pearl buttons?

Mr. NOYES. Of the ocean pearl, to a large extent.

Mr. RAINEY. They control the ocean pearl and also control the domestic pearl?

Mr. NOYES. To a large extent.

Mr. RAINEY. They control both kinds?

Mr. NOYES. I should presume they did.

Mr. HILL. Have you read the Consular and Trade Reports dealing with this industry?

Mr. NOYES. Yes, sir; I have, sir.

Mr. HILL. Is the statement in there correct, that "the ivory button industry is confined so largely to the group of establishments at Schmolln that a uniform tariff for wages has been introduced"?

Mr. NOYES. I am very glad you raised that point.

Mr. HILL. Let me read further:

There is an enormous consumption of buttons by the glove manufacturers in Saxony and in central Germany. Of late years there have been excessive competition and very low prices have prevailed. Recently the factories producing these small buttons have united in a syndicate for the purpose of maintaining uniformity in prices and equalizing the distribution.

This syndicate is organized as a limited joint-stock company, and is located at Schmolln.

The Italian industry is understood to be more important than the German, and, on account of the lower rate of wages prevailing in Italy, is in a position to pay the German duty and still undersell the German manufacturers in many lines.

Mr. NOYES. I should think so. I should like to say that these gentlemen engaged in the ivory-button business in Germany are in agreement and accord, all of them. They have told me so. I have visited them and they admit it.

I may say, however, that the industry in Germany is not as large, relatively, as it was. The wages in Germany are higher than in Austria. So that 10 or 15 years ago the business began to drift from Germany to Austria. Then, too, gentlemen, years ago the Italians took up this business, and they have been growing very rapidly. It is a fact that in spite of the protective tariff in Germany most of the Italian buttons—large quantities of Italian buttons are going into Germany. The largest manufacturer in Germany told me this, that he recently placed an order for about 175,000 cards of white blanks with the Italians so that he could bring them into Germany, color them up, and finish them. He said it was cheaper to do that than to make the goods himself; he simply had to do the coloring and finishing. So you see the industry is drifting away from Germany. That consular report refers largely to the industry in Germany, and particularly Schmolln, which is the center of the button business in Germany. All of the factories in Germany are within a radius of a few miles of that center.

Mr. HILL. This report reads:

On account of the lower rate of wages prevailing in Italy, Italy is in position to pay the German duty and still undersell the German manufacturers in many lines.

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Mr. NOYES. That is the point I was trying to bring out.

Mr. Chairman, I think I have given you evidence to this effect, that the vegetable ivory industry, although small, is really on the breaking point. When you realize we made on our capital in two years only 2.73 per cent, I think you will be convinced of that fact. Obviously, of course, we have sold a great many goods under cost. That condition would not be true unless we had done it. By reason of that fact we have, of course, held down importations to some extent.

The point I wish to make to you is this, that from the figures I have given it is obvious if you do reduce the tariff on vegetable ivory buttons even to a slight degree, that you will swamp the industry in this country.

If I felt it was possible to come before you with a plea for a higher duty, if I felt the mandates from the people who had placed in power the Democratic party permitted you to consider an increase in the duty, I believe I could furnish you facts that would warrant us in asking it. I am not going to do so. I only say this, that under the present situation if you endeavor to increase the importations even to the slightest amount, 5 or 10 per cent, you will surely and inevitably bring in not that amount, but 80 per cent or 90 per cent of all the buttons consumed in this country.

The CHAIRMAN. Have you presented figures showing the importations of buttons?

Mr. NOYES. Only so far as your records will show them.

The CHAIRMAN. That was how much?

Mr. NOYES. You see we have not the figures of importations.

Mr. PALMER. The imports last year were \$98,674.

The CHAIRMAN. That was horn and vegetable ivory buttons.

Mr. PALMER. Yes, sir.

Mr. NOYES. Let me make this point, that the \$98,000 paid in duty, when brought into this country, amounted to, say, \$143,000, if I am correct. Mind you, however, that we are selling direct to the consumer, to the wholesale clothing trade and merchant tailor, consequently our volume of price, as regards the price at which they bring them in, translating that importation of \$143,000 into the equivalent, and by that I mean selling them direct to the trade, you probably have \$250,000 as against our volume of business in this country.

The CHAIRMAN. I see your point.

Mr. NOYES. That is a fair point, is it not, Mr. Chairman?

The CHAIRMAN. I think so.

Mr. PALMER. Included in that volume of your business, however, is the volume of raw materials which are imported free?

Mr. NOYES. Yes, sir; as the raw materials are in these other kinds.

Mr. PALMER. What proportion of this \$1,314,000 production represents raw material?

Mr. NOYES. I could not answer. I gave you my figures for 84 per cent of our business; labor 80½ per cent against raw material 19½ per cent.

Mr. PALMER. I notice, too, these imports, that the import price is steadily increasing, which, of course, is the reason why the equivalent ad valorem is going down. What is the reason for that?

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Mr. NOYES. The fact that raw material is coming in free, is 300 per cent of what it was in 1897, which I gave you in the beginning. You see that accounts for the fact.

Mr. KITCHIN. I notice the exports amount to \$740,000 on buttons. What kind of buttons are those?

Mr. NOYES. I could not tell you. There are about 20 or 30 different kinds of buttons made in this country. There is the mussel shell found out in the western rivers, ocean pearl, cloth, brass, metal, horn, bone, celluloid, wood, papier-mâché, and things of that kind.

Mr. KITCHIN. What are the majority of these buttons that we export?

Mr. NOYES. Not having made any effort to obtain any foreign business, realizing we could not, against the labor conditions confronting us, I could not say.

Mr. KITCHIN. You could not tell us what kind?

Mr. NOYES. No, sir; I could not tell you offhand.

Mr. HULL. The value of these buttons is well established?

Mr. NOYES. It is a business, as far as we are concerned, a business of style.

Mr. HULL. I understand it is based upon style, whatever that may be, but the value is well established?

Mr. NOYES. I do not know just what you mean. Relatively, yes; they have a range—

Mr. HULL (interposing). You would recognize the value upon these buttons anywhere?

Mr. NOYES. No, sir. I wish to make that point, if I may, in just a moment. I was going to say, and I think it is one of the strongest points I have to make, and I wish to make it in closing.

Gentlemen, we come before you asking that the present duty be maintained, and we want to lay especial emphasis on the fact that we need in this industry a specific duty. The present duty is three-fourths of a cent per line per gross. A line is one-fortieth of an inch. A button is measured by its diameter. That is, a coat button is 30 line, thirty-fortieths of an inch in size; three-fourths of an inch. A vest button is a 24-line button, a sleeve button a 20-line button. For this reason, obviously, the smaller the button the lower the price; therefore the specific actually gives the specific amount according to the relative value of the different sizes.

Our business, as I have emphasized to you, is one of styles and novelties. The difference in cost between the buttons is not so much due to this kind or the other kind as it is due to the variations in connection with the manufacturing and selling of any one given button.

The Rochester Button Co. has submitted to you a card which I wish you would look upon for a moment. I refer to the larger card. I think to your eyes—those of a layman—it will be apparent at once that it is very difficult, if not impossible, to distinguish between the value of those goods. I will say this to you, that if that sample card were submitted to a button manufacturer without prices attached, without any knowledge as to who had made the goods or the circumstances and conditions of their manufacture and sale, it would be very difficult for a manufacturer to determine the value of

PARAGRAPH 427—BUTTONS.

those goods. Now, then, if that is true, we submit that an appraiser can not and never could pass judgment on the relative values of those goods. We submit that exhibit to you, and we beg to submit to you on behalf of the Rochester Button Co. a brief containing reasons for a specific duty. This brief contains 27 different reasons why we need a duty on vegetable ivory buttons that shall be in part specific. I believe that with this exhibit and this brief we will demonstrate to you fully the need of a specific duty, at least in part, upon our products.

We ask, as I stated before, that the present duty be permitted to remain.

I want to ask one more favor, Mr. Chairman. I have taken the time of your committee—

Mr. FORDNEY (interposing). What is the ad valorem on vegetable ivory buttons?

Mr. NOYES. It is three-quarters of a cent per line and 15 per cent ad valorem.

Mr. FORDNEY. What would the total ad valorem be on the average or the \$1.35 button?

Mr. NOYES. The total ad valorem equivalent? I think it is true that you can not directly translate the specific and ad valorem to an ad valorem equivalent. The last figures for the fiscal year show the ad valorem equivalent of this duty was only 45 per cent. It has come down 79 per cent, 71 per cent, 64 per cent, 54 per cent, down to 45 per cent.

Mr. FORDNEY. The equivalent would be 45 per cent?

Mr. NOYES. Under the statement of the cost per unit that is given that is true.

Mr. FORDNEY. Three-quarters of a cent per line and 15 per cent ad valorem?

Mr. NOYES. Fifteen per cent ad valorem and three-quarters of a cent per line.

Mr. FORDNEY. Would that hold good on this \$1.35 button?

Mr. NOYES. Those are our prices to the clothing trade to which we are selling these goods in this country.

Mr. FORDNEY. And the foreign price—would 45 per cent on that kind of button be about that?

Mr. NOYES. I should assume that on the average. Of course, these goods might have come in at even a less rate of duty.

Mr. FORDNEY. That would not be far out of the way—45 per cent.

Mr. NOYES. So far as the figures of the Government go, the last 3 years show 64 per cent, 54 per cent, and 45 per cent. It is hardly fair to take any particular year as an absolute guide.

I want to ask this further favor. These other manufacturers who have appeared here and who have not spoken, four or five of them have asked me to submit to you their briefs, and we will leave them with you, and we would appreciate such courtesy as you could extend to them in the matter of these briefs.

The CHAIRMAN. Hand them in and they will be printed in the record.

Mr. HULL. I wanted to ask one question concerning this method of measuring by line. When was this invented?

PARAGRAPH 427—BUTTONS.

Mr. NOYES. Way before I have any knowledge. I have been in the industry for years. You see the business was first followed in England, and drifted to Germany, and then to Austria and Italy. It probably started in Germany.

Mr. HULL. It is based entirely on the width?

Mr. NOYES. On the diameter of the button.

Mr. HULL. It does not relate to dimensions in other respects?

Mr. NOYES. No, sir.

Mr. HULL. Nor to its finish or style?

Mr. NOYES. No, sir; it is just the diameter of the button.

Mr. FORDNEY. I want to ask you whether I have these figures about right—and while you were talking I figured it up? On this button, which you quote as \$1.35, you state your labor cost is 80 per cent and the material 20 per cent?

Mr. NOYES. Yes, sir.

Mr. FORDNEY. Your labor cost on that \$1.35 button would be \$1.08, and material 27 cents, total \$1.35.

Mr. NOYES. Without figuring profit, of course. We have a profit on that button.

Mr. FORDNEY. That is the cost?

Mr. NOYES. If we assume that the cost was the figure stated there. There is some profit attached to that button, of course.

Mr. FORDNEY. For the sake of demonstrating.

Mr. NOYES. Yes; for the sake of demonstrating.

Mr. FORDNEY. We will say that that is your cost.

Mr. NOYES. Yes, sir.

Mr. FORDNEY. Assuming that the foreigner paid as much for his raw material as you do, 27 cents of the \$1.35, his average labor cost being about 45 per cent, his labor cost would be 36 cents. Now, adding a 50 per cent ad valorem duty on that, makes a total of 69.2 cents. Then that button would cost him \$1.02 as against \$1.35 to you under the existing law, figuring it at 50 per cent, so that you are at a disadvantage to-day, if my figures are correct.

Mr. NOYES. I can state with a great deal of feeling we are having serious trouble in competition with the foreigner. I can affirm that to you. We are being undersold in a great many instances. I could name one of the largest clothing houses in the country that we can not sell because they are buying of the foreigner. They offered us three big orders in the last six months at prices so far below my cost that I could not take the orders. I could not do it. We are suffering severely to-day from competition.

Mr. FORDNEY. The gentlemen who have appeared here and asked for a low rate of duty on buttons, as Mr. Harrison has said, are importers. Nobody else has asked for a low rate of duty on imported buttons but the importer, and I can see from your explanation why they are asking for a low rate of duty, so that they may get more imported buttons.

Mr. NOYES. I should think that was obvious.

Mr. PALMER. I suppose although the foreign button is cheaper, the fact that the trade depends a great deal on the matter of style affords you some protection?

PARAGRAPH 427—BUTTONS.

Mr. NOYES. If we could keep in business, if we are not wiped out, if our profits will let us keep in business, it is probable, because style will always sell some buttons. The only trouble is we are really at the breaking point where in the last few years we have only earned 2.73 per cent. You will realize the situation is critical.

Mr. PALMER. What makes the style? Who sets the fashions? Do you follow the foreigner?

Mr. NOYES. No, sir; I would not want to say we do. Every one in the business is trying to create style. We are largely controlled by the weaves in cloth. We go to the woolen manufacturers and have endeavored to get little pieces of cloth from them long in advance before they sold them to the clothing merchant. We have been trying to get foreign cloths abroad. And we have always tried to get them so that we can go back and get the styles and the particular effect that will be suitable to these novelty goods which go into high-priced clothing.

Mr. PALMER. All that is bound to constitute some protection to you so you can stand foreign competition better or easier?

Mr. NOYES. Only this. I will state that the foreigners of course have this very decided advantage of us. Cloths and styles originate to a large extent in Europe, and they get the styles over there before we do, and sometimes before they come to this country. They have a real advantage in that against us, and I must confess that I think they have a great deal of ability in designing as well, so that I have no real advantage. They can operate under the same conditions as we do, and to the same extent in their favor, because they get the cloths and colors before we do.

The CHAIRMAN. That will be all.

The briefs submitted by Mr. Noyes are as follows:

BRIEF OF UNITED BUTTON CO.—VEGETABLE-IVORY BUTTONS.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

We respectfully request your honorable committee to maintain the present tariff on vegetable-ivory buttons (par. 427, tariff of 1909, Schedule N), which is three-fourths of a cent per line specific and 15 per cent ad valorem, for the following reasons:

PROFIT ON ACTUAL CAPITAL INVESTED.

During the three years of 1909, 1910, and 1911 in manufacturing and marketing vegetable-ivory buttons in this country the manufacturers made a profit on actual capital invested of less than 5 per cent.

COMPETITION.

Domestic competition, which has been very keen, is responsible for this unfortunate condition. The present tariff gave us a fair share of the American market, but competition here prevented the getting of the full benefits the tariff could have conferred upon the manufacturers.

WAGES IN EUROPE AND HERE.

Following is a comparison of wages paid in the vegetable-ivory button-producing countries of Europe, namely, England, Germany, Austria, and Italy, with the wages paid in this country:

PARAGRAPH 427—BUTTONS.

	England.	Germany, 60-hour week.	Italy, 60-hour week.	Austria, 60-hour week.	Average.	United States, 54-hour week.
Laborers.....	\$3.75	\$4.32	\$2.70	\$3.60	\$3.59	\$10.00
Sawyers.....	8.75	5.76	3.60	4.80	5.73	18.00
Turners.....	7.50	5.76	3.60	4.80	5.41	16.50
Stock sorters.....		3.60	2.25	3.00	2.95	8.00
Button sorters.....		2.88	1.80	2.40	2.36	9.00
Cards.....	1.50-2.00	(¹)	(²)	(³)		(⁴)
Drillers.....		3.36	2.10	2.80	2.75	9.00
Polishers.....		7.20	4.50	6.00	5.90	14.00
Tool sharpeners.....	10.00	7.20	4.50	6.00	6.92	18.00
Foremen.....	12.50	14.40	9.00	12.00	11.97	27.50
Toolmakers.....	10.00	9.60	6.00	8.00	8.40	27.50
Shipping clerks.....	5.00	5.76	3.60	4.80	4.79	14.00
Dyers.....	12.50	15.00	10.00	9.00	11.62	45.00
General help, boys and girls.....	.75	.75	.60	.60	.67	6.00
Bookkeepers.....	5.00	7.20	4.50	6.00	5.68	20.00
					78.74	242.50

¹ Six-tenths cent per gross.³ One-half cent per gross.² Three-eighths cent per gross.⁴ Four cents per gross.

European wages average 32½ per cent of American wages.

In the above table foreign money is converted: £1=\$5, 1 mark=25 cents, 1 krone=20 cents, 1 lira=20 cents.

From Mr. Thomas H. Norton, American consul at Chemnitz, under date of July 12, 1911, we have the following as to labor paid in Germany. This differs slightly from the figures we have obtained, but does not affect the general result materially, except that it makes the difference between foreign wages and wages paid here slightly greater than our calculation:

"The female operatives upon shaping machines earn, by piecework, according to their intelligence and deftness, from 10 to 15 marks (\$2.30 to \$3.62 per week).

"Other females operatives attending the automatic machines are paid weekly wages of 10 to 12 marks (\$2.30 to \$2.86). Each one tends usually eight machines, and sometimes more. Overseers attend to the changing of the cutting tools.

"Shaders, almost invariably women, are paid sometimes by the piece, sometimes by the day. The weekly wages range from \$2.38 to \$3.62.

"Most of the other operations are performed by male operatives. In most cases their weekly wages range from 20 to 25 marks (\$4.76 to \$5.95).

"Nut sawyers, who simply saw each nut into two halves, are paid by the weight of the nuts sawed. Their wages average from 20 to 25 marks per week (\$4.76 to \$5.95).

"Sawyers, who cut out blanks for the shaping machines, earn weekly from 25 to 30 marks (\$5.95 to \$7.14). Some earn as much as 35 marks (\$8.33).

"Turners earn from \$4.76 to \$5.95, some reaching \$7.14.

"Colorers earn \$5.95 to \$7.14. The more skilled earn \$9.52.

"Color sprayers are paid by piecework. The weekly wage is usually \$4.76 to \$5.95, occasionally \$7.14.

"General help is paid by the week. Males earn \$3.57 to \$4.76; females, \$2.38 to \$3.59."

HIGHER COST OF LABOR, RAW MATERIAL, AND EXPENSE.

Our best information is that in addition to the cost of labor in Europe (averaging but 32½ per cent of what we pay), raw material there costs them approximately 10 per cent less, and their expense of doing business is about one-half of our expense.

PROTECTION NEEDED.

Our experience for the three years 1909, 1910, and 1911 shows that our cost of production, made up of labor, raw materials, and expense exceeds the average of Europe by 67 per cent, and this is without considering any profit to the American manufacturer.

ITALY THE GREATEST MENACE.

Inasmuch as Italian wages are the lowest paid in Europe, much below the average above referred to, notwithstanding the German protective tariff vegetable-ivory

PARAGRAPH 427—BUTTONS.

buttons manufactured in Italy find a ready sale in Germany. Mr. Robert P. Skinner, consul general at Hamburg, Germany, writes May 1, 1911:

"The Italian industry is understood to be more important than the one in this country, and on account of the lower rate of wages prevailing in Italy is in a position to pay the German duty (45 marks per 100 kilograms—\$10.71 per 220 pounds) and still undersell the German manufacturers in many lines."

SELLING PRICES HERE AND EUROPE.

[Information from Church Howe, consul, Manchester, England, May 31, 1911.]

Best quality coat, vest, and overcoat vegetable ivory buttons—English make.

Lines.	Grades—		
	1	2	3
22.....	\$0.30	\$0.33	\$0.40
26.....	.46	.49	.....
30.....	.63	.76	.79
36.....	.73	.76	.82
40.....	.98	1.03	1.24
45.....	1.34	.....	.....
<i>German make.</i>			
22.....	.28	.34	.36
30.....	.55	.65	.69
<i>French make.</i>			
22.....	<i>Black.</i> .26	<i>Mottled.</i> .30	.....
30.....	.47	.61	.....
36.....	.67	.71	.....
40.....	.91	.95	.....
45.....	1.34	1.46	.....
50.....	1.64	1.70	.....
<i>Trousers vegetable ivory buttons, English make, 2 grades.</i>			
22.....	<i>G. G.</i> 2.07	<i>G. G.</i> 2.43	.....
27.....	2.43	3.16	.....
	15.06	15.58	4.30

Prices here.

22.....	\$0.50	\$0.70	\$0.85
26.....	.60	.80	.....
30.....	.75	.95	1.20
36.....	1.40	1.60	2.45
40.....	1.75	2.20	2.75
45.....	2.75	.....	.....
22.....	.50	.70	.80
30.....	.75	.95	1.15
22.....	.50	.60	.....
30.....	.75	.85	.....
36.....	1.40	1.60	.....
40.....	1.75	1.95	.....
45.....	2.75	3.00	.....
50.....	3.75	4.00	.....
22.....	4.00	5.00	.....
27.....	5.00	6.00	.....
	1 28.90	2 30.90	3 9.20

1 90 per cent more.

2 98 per cent more.

3 114 per cent more.

PARAGRAPH 427—BUTTONS.

SELLING PRICES HERE AND EUROPE—continued.

Best quality coat, vest, and overcoat vegetable ivory buttons—English make—Continued.

[Information from Robert P. Skinner, consul general, Hamburg, Germany, May 1, 1911.]

Lines.	Grades —				
	1	2	3	4	5
23 and 24.....	\$0.35	\$0.47	\$0.66	\$0.85	\$1.07
30.....	.66	.83	.99	1.07	1.30
36.....	.95	1.19	1.42	1.66	1.90
40.....	1.23	1.54	1.90	2.14	2.61
44 and 45.....	1.78	2.14	2.85	2.85	4.16
50.....	2.32	2.85	4.04	4.76	.....
	7.29	9.02	11.86	13.33	11.04

Prices here.

23 and 24.....	\$0.60	\$0.80	\$1.00	\$1.15	\$1.25
30.....	.80	1.00	1.25	1.50	1.75
36.....	1.50	1.75	2.50	2.75	3.00
40.....	2.00	2.35	3.00	3.50	4.00
44 and 45.....	3.00	3.75	4.75	5.25	6.00
50.....	4.00	5.00	6.50	7.00	.....
	¹ 11.90	² 14.65	³ 19.00	⁴ 21.15	⁵ 16.00

[Information from Augustus E. Ingram, consul, Bradford, England, Mar. 16, 1911.]

Lines.	Vegetable ivory trousers buttons.	Vegetable ivory coat and vest buttons, black and plain colors, polished and dull finish.	Vegetable ivory coat and vest buttons, black and plain colors, sandblasted centers or rims.
22.....	<i>Per g. g.</i> \$2.19	.....	.....
27.....	2.92	.....	.....
20.....	.....	\$0.22	\$0.28
24.....	.....	.28	.32
30.....	.....	.36	.42
32.....	.....	.....	.46
34.....	.....	.....	.52
36.....	.....	.....	.60
	5.11	.86	2.58

Prices here.

22.....	\$4.00	.....	.....
27.....	5.00	.....	.....
20.....	.....	\$0.40	\$0.40
24.....	.....	.50	.50
30.....	.....	.70	.70
32.....	.....	.....	.90
34.....	.....	.....	1.10
36.....	.....	.....	1.30
	⁶ 9.00	⁷ 1.60	⁸ 4.90

¹ 63 per cent more.

² 62 per cent more.

³ 60 per cent more.

⁴ 59 per cent more.

⁵ 45 per cent more.

⁶ 76 per cent more.

⁷ 86 per cent more.

⁸ 90 per cent more.

PARAGRAPH 427—BUTTONS.

SELLING PRICES HERE AND EUROPE—continued.

Best quality coat, vest, and overcoat vegetable ivory buttons—English make—Continued.

[Information from John L. Griffiths, Consul General, London, England, Apr. 28, 1911.]

Lines.	Vegetable-ivory trousers buttons.	Coat and vest deep edge.	Cheapest grade.
22.....	<i>Per g. g.</i>		
27.....	\$2.43		
22.....	2.92		
26.....		\$0.21	
30.....		.30	
36.....		.38	
40.....		.52	
45.....		.85	
22.....		1.22	
30.....			\$0.17
			.32
	5.35	3.48	.49

Prices here.

22.....	\$4.00		
27.....	5.00		
22.....		\$0.45	
26.....		.55	
30.....		.70	
36.....		1.30	
40.....		1.80	
45.....		2.80	
22.....			\$0.40
30.....			.60
	¹ 9.00	² 7.60	³ 1.00

Prices here over Europe.

Lots.	Per cent.	
6.....	63	378
6.....	62	372
6.....	60	360
6.....	59	354
5.....	45	225
2.....	76	152
3.....	86	258
6.....	90	540
2.....	70	140
6.....	118	708
2.....	104½	209
16.....	90	1,440
15.....	58	1,470
6.....	114	684
87.....	⁴ 84	7,290

¹ 70 per cent more.² 118 per cent more.³ 104½ per cent more.⁴ Average.

Our selling prices average 84 per cent over European, with but a profit to us of less than 5 per cent on the capital invested.

CAN NOT LIVE WITHOUT ADEQUATE PROTECTION.

It is quite evident that with any reduction below the present tariff rate the manufacturers can not continue in business but will be forced out as they were in the two periods 1884 to 1889 and in 1893 to 1897 under the Wilson tariff of 35 per cent ad valorem, unless they reduce wages low enough to compete with the cheap labor of Europe—taking into account the tariff rate finally decided upon.

PARAGRAPH 427—BUTTONS.**A SPECIFIC DUTY IMPERATIVE.**

The opinion among the manufacturers that a specific tariff is absolutely imperative and should be maintained on this class of merchandise is unanimous; otherwise undervaluations can not be prevented—and this difficulty has presented itself with every ad valorem tariff we have ever had, as far as it related to vegetable ivory buttons.

The present duty obviously can not be translated into an equivalent of ad valorem and is not equal to any given ad valorem percentage.

INCREASED COST SINCE 1897.

Since 1897 when the present tariff went into effect the cost of ivory nuts has increased from 2 cents to 6 cents per pound, and labor has nearly doubled, yet the selling price to the consumer has not been increased.

VEGETABLE IVORY BUTTONS NOT ON CHEAPEST CLOTHING AND THEREFORE IN A MEASURE A LUXURY.

Vegetable ivory buttons are not used upon the cheapest grades of clothing, but only upon the better grades. Upon the cheapest grades are used mostly horn, bone, composition, and metal, which are used in very large quantities.

EUROPE HAS ADVANTAGE ON RAW MATERIAL

While it is true that ivory nuts come into the country free of duty as they also go into Europe free (and we earnestly hope they will continue to be permitted to come here free as long as they go into Europe free), yet Hamburg is the ivory nut market of the world and largely controls the gathering and shipping of nuts in South America to our disadvantage, and furthermore the Italian colony of Eritrea supplies the Italian manufacturers with about 5,000 to 6,000 tons yearly of nuts at about one-third the prices we have to pay for South American nuts, thus giving the Italian manufacturer a tremendous advantage.

DATA OPEN FOR YOUR INSPECTION.

Our books, the data for all of the above figures and any records that we have in substantiation of the above or relating thereto, are open for the examination, at our New York office, by any expert you may designate for that purpose.

NO MONOPOLY OR AGREEMENT THAT REGULATES PRICES.

We are pleading for a chance to live. Without adequate consideration we can not—and maintain the present rate of wages paid in this country. We have no monopoly, agreement, or anything else that controls the price to the consumer. Open, free, and unrestricted competition alone regulates the selling price. From the information we have given you, you can see that we have made no extortionate profits. On the contrary, domestic competition has made the result for the three years mentioned deplorable, but we have been looking forward to the future with confidence that any legitimate industry will not be injured and that better conditions will exist, and if we have a favorable tariff we have reason to believe we will not be disappointed.

VEGETABLE IVORY BUTTONS OUR PRODUCT.

We are writing of vegetable ivory buttons alone and not metal, pearl, composition, rubber, glass, agate, or any other kind that may be under Schedule N—conditions of which may be entirely different from what they are in this industry that we represent.

Very truly, yours,

UNITED BUTTON CO.,
WILLIAM A. PORTER, *President.*

PARAGRAPH 427—BUTTONS.

UNITED BUTTON CO.,
New York, January 18, 1913.

HON. OSCAR UNDERWOOD,

*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: We understand that the question of the tariff rate on the importation of buttons made from vegetable ivory (par. 427, tariff of 1909, Schedule N) will be considered by your committee about the 29th instant, and we respectfully inquire whether it is the intention of the committee to change the existing tariff rate; because if it is not we do not desire to take up your time in listening to arguments as to why that rate should continue to be maintained.

Vegetable ivory buttons are manufactured from ivory nuts produced by the tagua palm in Colombia, Ecuador, and Panama, South America, and come in duty free, and the industry is absolutely dependent for existence upon a protective tariff. Without such a tariff it could not exist, because the very low cost of labor in Germany, Austria, and Italy enables those countries to produce ivory buttons at such a price that we could not compete with the high labor cost we have to pay in this country.

There is not the slightest trace of any monopoly in the ivory button industry in this country, and there never was. The tariff simply gives manufacturers the American market to a very large extent, but domestic competition now and always has regulated the selling price to the consumer, with the result that that domestic competition has made it difficult for the manufacturers to make even a fair profit on their output.

If the tariff was taken off entirely or was reduced materially from the present schedule, it would without question result in the admission of foreign-made buttons and would drive the American manufacturer out of business, and the people now employed in this industry would seek employment elsewhere and become competitors in other lines of employment to sustain themselves. The American standard of living unquestionably demands a higher rate of wages than is paid abroad, and the only way we could compete with the button makers of Germany, Austria, and Italy, without the protection of the tariff, would be by reducing the standard of living of the American button maker to that of the German, Austrian, or Italian, to attempt which would result in industrial upheaval and chaotic conditions the danger of which would be hard to forecast.

The public has not suffered one iota as the result of any monopoly, combination, agreement, or understanding that has increased to price to the consumer, and as that price to the consumer has been regulated absolutely by domestic competition, we sincerely hope that no action in regard to the tariff rate on vegetable ivory buttons will be taken that will be injurious to an industry that is only surviving by strictest attention and the greatest economy in all matters relating thereto, and that can not possibly exist under any more adverse circumstances than obtain at the present time.

It is essential to have a specific duty, or at least partially so, as at present, because of the difficulty in pricing this class of goods or getting at the proper valuation. It will be practically impossible for customhouse officials to put a proper valuation upon goods imported, no matter how efficient they may be for their business in general, and without a specific duty undervaluation will be made as formerly under a purely ad valorem tariff.

Whether we differ or agree as to the theories of the working of the tariff, if we refer to the past history of this industry and get at the facts as they have transpired it will become evident that under the low tariff of 1885 the industry was practically put out of business, so that by 1887 the majority of the factories closed up or failed. Conditions following this were such that a great many of the employees of this industry and their families were for a considerable period on the verge of starvation—seeking employment in other industries at any wages they could obtain in order to eke out an existence. After the year 1889 there was somewhat of a revival, but the low tariff, again adopted in 1893 to 1897 (35 per cent ad valorem), practically ended the existence of the manufacturers, including those few who had survived the previous depression of 1885 to 1889. These facts are easily corroborated in the history of the business and it seems to us should have due consideration in connection with the question.

We have not had time to obtain and compile reliable information as to the different rates of wages paid in the different countries of Europe, as the subject is very much complicated and it would be an immense amount of work to get up a statement that would be clear and conclusive. Our best information is that we pay from 200 per cent to 325 per cent (the latter in Italy) more than is paid in Europe, depending upon locality and the class of buttons produced.

PARAGRAPH 427—BUTTONS.

We do know, however, that under a 35 per cent ad valorem tariff in 1893 to 1897 the industry was absolutely destroyed and that under the present tariff we have a living chance, although about \$100,000 worth of buttons were imported last year, showing that the present tariff is very near the danger point.

We will endeavor within a few days to transmit to you information as to the total capital invested in the vegetable ivory button business, the net sales and the net profit or loss during the three years 1909, 1910, and 1911; and we say to you in all frankness that we are perfectly willing to have our books gone over by any expert you may name in order that you may have any information you require to arrive at a result that shall be just to this industry and allow it to live and continue to employ thousands of men, women, and children at wages they can live on upon the basis of the American standard of living.

Hearing Gov. Wilson on various occasions, we were led to believe that no industry doing business upon legitimate lines would be injured, and fully relying upon his statements we confidently expect that conditions will not be made any harder for us than they now are.

Very truly, yours,

UNITED BUTTON Co.,
W. A. PORTER, *President.*

The witness at a later date filed the following documents:

GERMAN-AMERICAN BUTTON Co.,
Rochester, N. Y., February 26, 1913.

Mr. DANIEL C. ROPER,
Washington, D. C.

MY DEAR MR. ROPER: I am in receipt of the authoritative statements regarding wages in Europe paid by vegetable ivory button factories there located, which I left with you last week.

It seems to me we have presented to you a perfect case against change in our duty. We have proven that, first, labor is of more importance relatively in our industry than perhaps in any other in this country; second, we face the cheapest labor in Europe, with wages 25 per cent of ours; third, importations are very substantial, and three times what they were during first years of present tariff; fourth, through excessive competition, foreign and domestic, the industry is on the very "breaking point," 2.73 per cent profit per annum for past two years on actual capital invested.

We have also proven much more, and I can not conceive how a member of your committee can suggest reducing our duty. I am, however, writing you this letter because when I spoke to you last week you did not see why we needed a specific duty more than any other industry.

Will you not do me the very great favor to read over the brief herewith inclosed? (See brief of Rochester Button Co.)

It seems to me we have given you therein 27 reasons for a "combination specific" duty on ivory buttons which can not be answered.

We want, moreover, to deny that any one can absolutely translate specific duties into ad valorem equivalents, and the least undervaluation now will truly "swamp" our industry.

Assuming, however, that your committee is absolutely opposed to specific duties, you can still give us what we want. Our present duty is in two parts, (a) three-fourths of 1 cent per line per gross, and (b) 15 per cent ad valorem.

Now, then, the "specific" portion is not a straight specific like so much per pound. It is in a real way "ad valorem" in its nature. To the extent that price is regulated by size, to that extent the present specific of three-fourths cent per line per gross is levied on the value of the various sizes, and to this extent it differs from any other "specific." Our "specific" may fairly be said to be between a straight specific and an ad valorem for this reason.

Since our public hearing we have not called on a single Democratic member of your committee, and I do therefore beg to urge you strongly to help us to secure for our industry the present duty which we have just as it is.

Very truly, yours,

HENRY T. NOYES.

PARAGRAPH 427—BUTTONS.

BRIEFS SUBMITTED BY IVORY BUTTON MANUFACTURERS.

ROCHESTER BUTTON CO.—VEGETABLE IVORY BUTTONS.

COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: We exceedingly desire that the present tariff on vegetable ivory buttons, which is three-quarters of a cent per line per gross specific and 15 per cent ad valorem, be maintained. We manufacture ivory buttons which are used on the better grades of clothing. On the cheaper clothing are used buttons made from horn, bone, composition, and metal.

In this brief we shall confine our arguments to that which in our opinion is the most important subject in connection therewith, the retention of a specific duty.

EXHIBIT.

We desire to submit for your inspection and guidance an exhibit of ivory buttons, which shows a wide range of prices at which these various styles are being marketed this season.

You will easily observe that to your own eyes (those of a layman) there is not sufficient difference in the appearance to warrant the wide difference in prices. We beg to state that if these prices were not attached to the card and the card was presented to a manufacturer of buttons, he would find it difficult, without knowing the facts and conditions controlling, to accurately determine their real value. We desire to bring this matter conspicuously before you for the reason that these are the actual prices at which the five manufacturers who produced these goods are selling them. These prices, moreover, are based strictly on the cost of manufacturing and selling. The difference in prices is not at all one of profit, but is due to the "conditions" under which these goods are manufactured and sold.

We therefore feel that if an expert button manufacturer finds it difficult to properly appraise apparently similar buttons, that a public appraiser would find it utterly impossible.

Therefore, to prevent undervaluation and similar abuses, with their consequent injury to both the Government and manufacturers, it is in our opinion absolutely essential that the present specific duty be retained.

OTHER REASONS FOR A SPECIFIC DUTY.

1. The difference in value between the various kinds of ivory buttons made is really small. The big difference is between the various goods made in the same kind, depending on conditions, many of which can not be known to the appraiser.

2. A specific duty gives us knowledge and assurance that a certain definite amount of duty has been paid on a button of a given class. An ad valorem leaves the American manufacturer in doubt as to whether the duty has been paid or only half of it paid. This is demoralizing and very harmful to the American manufacturer. It does not necessarily increase importations. It probably lowers them, because it leads the American manufacturer in his demoralization to do foolish things. A specific, benefits manufacturer, consumer, and laborer. It means a steady market.

3. The value of an ivory button in a given class, such as "pressed blacks," is to a certain extent dependent on the expense of tools, equipment, etc., made necessary in getting out that particular "style." An appraiser can have no means of determining this expense on one style as against another.

4. The value is also very largely dependent on the total quantity produced of a given "novelty" or "style." No single invoice will reveal this to an appraiser.

5. Our business is a business of novelties and styles, all "luxuries." The styles change absolutely every six months. A button to-day worth \$1 per gross may be worth to-morrow 40 or 50 cents per gross. Many of the manufacturers have to sell their "out of style" goods at 50 per cent or more below manufacturing cost. An ivory button is a very small article, usually a half to three-fourths of an inch in diameter. Among other things, a slight difference in the contour of the face may make the button either "in style" or "out of style." This is literally and absolutely true. No appraiser can ever be able to follow the "styles" in ivory buttons and intelligently determine values.

6. A middleman in Europe can obviously buy goods "out of style" there and per-haps, unknown to himself, at, say, one-half of the manufacturing cost. He may offer

PARAGRAPH 427—BUTTONS.

them for import under an ad valorem duty at a real profit to himself and yet do us a serious injustice. Incidentally, "out of style" buttons in Europe go largely into the hands of the middleman. Our only protection lies in a duty at least in part specific.

7. The value of ivory buttons is very largely determined by the "color effects" produced on the buttons, the suitability of the "effect" to the prevailing weaves of cloth, etc. How an appraiser could ever be trained to use judgment on this matter is beyond us.

8. Obviously, the value of an ivory button depends on its color being just right for the "novelty" shades of woollens being sold at a given moment. Ivory buttons have a market largely because these "novelty" shades can be made in ivory buttons. Can appraisers be supposed to keep posted on the subject of prevailing shades?

9. Europe, in many cases, sets styles in cloths and in shades. It takes, however, time for these styles to travel from Europe here. Ivory buttons are produced to suit certain cloths and in the prevailing shades. Now, then, it frequently happens that by the time certain styles and shades in cloths reach this country, the buttons made therefor in Europe are "out of style" in Europe, but strictly "in style" in America. Their value in Europe is low. Their cost to a dealer would be low. He could thus honestly bring them into this country under an ad valorem at a price below possible competition. It don't take many goods to "break" a market.

10. The value of an ivory button, an article of "style," is dependent, to an extent, on the cost involved in the design and development of that given button. The trade will pay therefor, but no appraiser is able to establish the amount of such value.

11. An exclusive ad valorem duty in connection with the business like ours, where goods go out of style so quickly and where they lose their value to such a large extent, would make it possible for the foreign manufacturers to use our market as a dumping ground and seriously disturb conditions in this country.

12. Assuming that it were possible to appraise ivory buttons on the basis of intrinsic value, which we seriously question, we still affirm that you can not appraise the value of "style."

13. The value of an ivory button is dependent, to an extent, on the quality of raw material from which it is made. Raw-material prices to-day vary according to grades from 2 cents per pound to 6 cents per pound. No appraiser on earth can determine the quality and kind of raw material used in a given button.

14. Above all, we want to emphasize to you that perhaps the greatest difference in cost between one ivory button and another is in the particular shade produced on the button. In making certain shades we frequently have to throw out 30 and even 40 gross out of every 100 as imperfect, due to the nature of the color. Another shade in the same design, made in identically the same manner, the only difference being the shade, may give 98 gross perfect out of a hundred. No appraisers will ever be able to give an intelligent judgment as to the relative values of given shades, yet this very difference is well understood and recognized by the manufacturers and consumers of ivory buttons.

15. New shades are continuously being produced in cloths. It requires much experimenting to secure these shades in ivory buttons. The time of expensive labor is given to this and much material is wasted in the process of experimentation. The manufacturers make the consumers pay for this cost when they buy these shades. No appraiser, however, could ever begin to estimate such cost. He would probably not know of its existence.

16. There is considerable difference in the skill of dyers in various plants, and dyers are paid from \$10 to \$60 per week, involving differences in cost. The product of certain dyers is worth on the market more than others. This can not be apparent to an appraiser.

17. One of the serious problems of the button business is the fact of certain goods "fading color" when exposed to the light and to wear. Goods made under more expensive processes and conditions are much better in this particular than others. They cost more and are worth more. We defy an appraiser from mere examination, and without a full, intimate knowledge of these conditions, to properly value such goods. Even the best informed buyers can not tell the value in this particular, except from wear. They can, however, buy so as to be guaranteed results.

18. Many "effects" produced in ivory buttons are obtained by dyeing buttons, not once but two and three different times. We affirm that this frequently increases the total cost 10, 15, and 25 per cent. Even the best buyers can not tell how the effects are produced; they are buying for effect and for style. There is not a single appraiser in the employ of the Government that can determine in connection with ivory buttons this element of cost and value. Even manufacturers themselves can not, in many

PARAGRAPH 427—BUTTONS.

instances, tell how other manufacturers have produced certain effects or even estimate the extra cost involved.

19. Effects are produced in many other ways than by dyeing. Sometimes by double and triple pressing and by many other various methods, involving expenses that make, not infrequently, one button of the same general kind cost perhaps double the other—although both are made from the same nut. This is positively true, and yet no appraiser could be expected to have adequate knowledge of the subject or ability to discriminate.

20. One of the chief differences in the cost, as between ivory buttons, is the case with which they are shaded and inspected before being boxed. Our material is imperfect. At the last final step we always have to shade and throw out a certain percentage. Assume the same shade, the same grade of raw material, the same finish, etc. One manufacturer may throw out 1 per cent and another 20 per cent. It frequently happens that in making certain styles and certain colors we shade or throw out not only 20 per cent, but 30 per cent and even 40 per cent. Please figure the difference in cost as between buttons that "go through" and are sold in the one case as against the other. No appraiser could be expected to determine the extent to which given goods have been "shaded."

21. The necessity of confining patterns to a buyer curtails the possibility of selling it to the general public and restricts its sale to the requirements of that buyer alone. This is an element of cost an appraiser can not estimate.

22. Under conditions appertaining to our business and understood by those in the business, when large buttons are in great demand the waste involved in our processes increases the cost of the coat and vest sizes. No appraiser would be likely to know this.

23. One big point is that for the reasons set forth an exclusive ad valorem duty would make it possible for a middleman to bring goods into this country, honestly perhaps, at figures entirely at variance with actual manufacturing costs; it would place a tremendous incentive on foreign manufacturers not to tell the "whole" truth, and, above all, the Government appraisers would be hopelessly unable to protect us.

24. The same variation in prices of goods made abroad prevails there as here. All based on the "conditions" attending the manufacture and sale of the goods. It is not necessarily so much a question of difference in kind, but difference in conditions, etc., as set forth by us. You will find by reports from our American consuls that prices for the same kinds vary abroad from 75 to 100 per cent. This is due to the conditions which we have emphasized, but how can any appraiser know them? Frankly, is the foreign manufacturer, who is handling buttons made under these more expensive conditions, and who is anxious for business, going to represent the cost or value of his goods at the real cost or at his "average" cost? And yet, if we have to compete with him under an ad valorem, he can easily escape part of the duty. Under a specific we at least know just "where we are at."

25. Under an ad valorem duty the actual duty would become uncertain and subject the American manufacturer to the uncertainties and fluctuations of the foreign market. We would also be at the mercy of that foreign country which is at the particular time the most depressed.

26. The difficulties confronting us as to the values and costs of vegetable-ivory buttons obtain just as much abroad as in this country. This is evidenced by a quotation from a letter written by the American consul at Odessa, Russia, under date of May 3, 1911, wherein he states:

"As regards the wholesale and retail prices of the many grades and classes of buttons, they are so complicated that to one outside the business they are bewildering. Apparently similar buttons are often very dissimilar in price."

27. Foreign governments have recognized the peculiar conditions connected with vegetable ivory buttons, and Germany, Italy, Austria, Russia, and France have established specific duties against ivory buttons and not ad valorem.

We believe that we have demonstrated to you that the fair determination of an ad valorem duty in the case of ivory buttons is a very difficult, if not impossible, process. We sincerely hope that we have convinced you of the need of a specific duty. We earnestly ask you to leave the duty on buttons as it is.

Yours, respectfully,

ROCHESTER BUTTON CO.
NELSON SAGE, *General Manager.*

PARAGRAPH 427—BUTTONS.

BRIEF SUBMITTED BY SENECA BUTTON CO., POUGHKEEPSIE, N. Y.

To the WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.:

The vegetable ivory button industry has a pathetic history. It secured a slight foothold in this country in the seventies, but was largely wiped out of existence during the period of 1884 to 1889. Under the McKinley tariff the industry again got a slight foothold, only to be ruined by the Wilson tariff. In 1897 we once more established, and we now face with great fear the mere possibility of any change in the present duty.

All the above has been so because labor is such a tremendous percentage of our cost. An industry where labor and salaries is 75 per cent as against raw material 25 per cent is absolutely in need of consideration as against foreign labor. Twice, by not adequately recognizing this fact, changes in the tariff have ruined the industry.

Since the early history of this business in the sixties, we do not know of one single man who has made a fortune in the manufacture of ivory buttons. Indeed we can put this much stronger; we know of only one man engaged in the business who eventually got out of it with—let us say, a dollar.

All this simply tells you that the business has been a competitive one. The consumer has benefited and the American workman has been paid American wages.

The American industry has always, at all periods, been controlled by foreign competition as it is to-day. We submit you below figures taken from your Government records.

FOREIGN COMPETITION IN VEGETABLE IVORY BUTTONS UNDER PRESENT TARIFF.

Importations of vegetable ivory buttons by years.

Year.	Value.	Value, adding duty collected.
1899 (first year under Dingley tariff).....	\$30,158.36	\$52,770.17
1899 to 1902 (first 4 years, average).....	43,862.00	77,317.79
1910.....	86,284.50	139,931.50
1911.....	99,005.75	152,845.75
1912.....	98,674.00	143,418.00

Vegetable ivory buttons are made from vegetable ivory nuts. The nuts are entered free from duty. The production of buttons is of course related to the importations of nuts.

Importation of ivory nuts.—1900, 8,036 tons; 1905, 9,844 tons; 1912, 11,538 tons.

The census of 1900 and 1905 gave the number of gross of ivory buttons produced and also the value thereof for each period, but the census of 1910 considered the subject of buttons as a whole and gave no data as to the vegetable ivory button industry.

Value of ivory buttons produced in the United States.

Year.	Value.	Tons of nuts imported.
1900.....	\$1,144,677	<i>Tons.</i> 8,036
1905.....	1,305,766	9,844
Estimated on 1912 basis, 1905 figures.....	1,530,000	11,538

Ivory buttons made in this country are in large measure sold to consumers direct. Hence importations should be figured in part at price to consumer. The importations for 1912 were in value \$143,418 as above. Add to this, say, 40 per cent to put same on a parity with American production as sold and we have the value of imports as \$200,785, or about 13 per cent of the American production as estimated above.

The above, however, tells you only a very small part of the story.

The importations are not greater because we have been constantly threatened by the increasing foreign importations, as shown by your records, and have made prices to meet the foreigners even at loss to ourselves.

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Let us state this more strongly. The importations of vegetable ivory buttons would probably have been two or three times greater than they are, except for the fact that we have sold such large quantities at figures way below cost. The returns on the industry indicate this to you. Our books and records will absolutely prove the fact to you.

Furthermore, wherever you find any industry under such extreme competitive conditions as ours you know that many goods are sold below cost for volume, and, obviously, goods sold at such low figures take the place of goods that would come in from Europe made by cheap labor.

It is obvious to you from the foregoing that we do not and can not export any ivory buttons.

We contend that it would be eminently unfair to reduce the tariff rate on our product when we are continually striving to better the conditions under which our employees work and to shorten the hours of labor. From October 1, 1912, the working hours of women, girls, and of boys under 18 years of age were reduced in the State of New York to 54 hours per week. These hours granted now by us to both men and women serve to increase our costs.

The ivory-button factories in this country work 54 hours per week. Our foreign competitors work 60 hours per week.

As further evidence of the very sharp competition in the ivory-button industry, there have been a number of failures in the past few years.

Gentlemen, we earnestly beg of you to let us alone.

Respectfully submitted.

SENECA BUTTON CO.,
J. C. DENNEY, *Secretary*.

BRIEF SUBMITTED BY M. TURKELTAUB & SON, NEW YORK CITY.

We come before you as importers, jobbers, and manufacturers of buttons. We import and job between two and three times as many buttons as we manufacture.

We refer to Schedule N, paragraph 427, dealing with vegetable-ivory buttons. In order that you may determine the proper duty on vegetable ivory buttons, we present the following facts for your consideration:

Vegetable ivory buttons are used on the better grades of clothing; on the cheaper grades of clothing there are used composition buttons, metal buttons, and hornoid buttons.

No matter how low the price of buttons may be, the consumption will not increase, owing to the fact that buttons are manufacturers' supplies and manufacturers of clothing will not consume any more than they require to sew on the clothing that they manufacture.

The present profit to the manufacturer, owing to the very keen competition that exists, is very little—about 2 cents per gross on the average. We know this from the manufacturing end of our business, and under these conditions manufacturers can hardly make a living profit.

We suggest that you allow the present specific and ad valorem duty to remain, as it is hard even for an expert to determine the exact value of a vegetable-ivory button, which is made in different qualities—various goods looking alike, but costing much more to produce. For instance, a 90-cent button can very easily be brought in as a 50-cent button, and an appraiser can not distinguish between them.

If the present duty on vegetable ivory buttons shall be reduced, it is our humble opinion that under conditions now prevailing the industry in this country will be ruined. The consumer will not profit one penny, as the individual cost to a person is comparatively little, but a few cents on a suit of clothes. The foreign trusts in the ivory-button business of Europe will be enriched.

In 1884 to 1889 and in 1893 to 1897, when the tariff on vegetable ivory buttons was reduced, it practically put every manufacturer of this class of goods out of business.

Under the present tariff European manufacturers can successfully compete with American manufacturers even to a larger extent than they do. Were the tariff changed, however, even slightly, it would allow them to sell certain kinds that they can not now sell. This additional incentive will lead them to make efforts that they are not now making.

Manufacturing is but a part of our business, and were the tariff reduced it would not affect us as much as it would were we manufacturers exclusively. If a change in the tariff is made, we could dismantle our plant and buy our goods exclusively in different centers of Europe, especially Italy, where the proportion of labor is so much less than it is in the United States; and we would, therefore, be able to remain in the business and sell our merchandise at a profit by successfully underselling American manufacturers of vegetable-ivory buttons.

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We also wish to state that one of our prime motives for submitting this brief for your consideration is the fact that we have been petitioned by many of our employees in the manufacturing end of our business, who have gone through the previous tariff change on vegetable-ivory buttons, and know the hardships they would have to endure should Congress decide to reduce the tariff, and they therefore join with me in asking you to let the present duty remain as it is and allow the industry in this country to live.

Respectfully submitted.

M. TURKELTAUB & SON,
By NATHAN TURKELTAUB.

STATEMENT BY CONSOLIDATED BUTTON CO.

CONSOLIDATED BUTTON CO.,
January 30, 1913.

THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: We contend that the present rate of duty on vegetable ivory buttons should not be changed, and we have no fear, being in possession of the facts that govern this industry, that your committee will recommend any alteration in the rates now existing. The reason for our confidence in this opinion is that your committee are endeavoring to revise the tariff on a basis of equity and justice to all interested therein.

The present contemplated revision of the tariff is to be a Democratic revision, therefore, the Democratic Party, through its leaders, having at all times stated that no industry need fear that it will not be adequately protected by means of the tariff when it can be shown that said industry is in no way monopolistic or is conducting its business by means of combinations or trade restraint and is not making unreasonable profits through the fact that they are protected by the tariff. If we may assume that the Democratic Party have made the above assertions, we respectfully submit that they must have had in mind the conditions which now prevail in the manufacturing of vegetable ivory buttons.

We beg to submit the following facts:

1. In our industry there has not been and there is not now existing any combination. Keen competition has at all times and does now prevail, and the business can in no wise be considered a monopoly from any viewpoint.

2. The returns on actual capital invested are and have been much below 5 per cent per annum.

3. Sixty-five per cent of the cost of manufacturing in this country is paid to labor, as against 25 and 30 per cent paid to labor in foreign countries.

4. Skilled labor in this country makes from \$16 to \$20 per week, whereas skilled labor in foreign countries makes from \$4 to \$8 per week.

Unskilled labor in this country receives \$5 to \$12 per week, and unskilled labor in foreign countries \$2 to \$4 per week.

5. When viewing the conditions stated above, it will be clearly and easily seen that should the specific duty be reduced to any extent whatsoever the manufacturers of vegetable ivory buttons in this country would have to discontinue business or reduce their wage scale to a basis of the rates existing in foreign countries. Therefore, it is clearly and easily understood that were the manufacturers to so reduce the wage scale to anything nearly as low as the foreign wage scale, their employees would be compelled to seek employment in other branches of trade, and as there is an overabundance of labor now offering in almost every other industry, the effect of any such reduction would be that the present laborers employed in the manufacture of vegetable ivory buttons (and especially those who have spent years to become skilled therein) would be thrown out of employment, with a sparse chance of obtaining employment elsewhere.

6. One of our principal arguments why the present specific duty should be maintained is that were the Government to collect duties on an ad valorem basis it would be the means of false valuations creeping into foreign invoices, as it is very difficult for even an expert to tell the value of a gross of vegetable ivory buttons, when comparing one grade which is supposed to be a cheap variety against another grade which is supposed to be an expensive variety; consequently the specific duty obviates definitely the chance of undervaluation by foreign competitors.

DEVELOPMENT OF RECENT FOREIGN COMPETITION.

A new menace has arisen in our industry within the past few years, that is, that we have to compete with Italian manufacturers, and when considering that our import

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factor is labor, the slightest change in the present rate of duty would cause an influx of importations into this country from Italy, where the labor rates prevailing are the cheapest in Europe. The business of the world has always followed cheap labor, and it is only within the last three to five years that Italy has become the center of the button industry, the factories there being located in small towns where labor is the very cheapest. They are, therefore, able to ship goods all over the world.

Germany, once a large factor in the button business, is no longer so to-day, and it is a known fact that one German manufacturer, probably the most prominent, in order to keep in the business, recently placed a single order in Italy for 175,000 gross of ivory buttons, despite the fact that Germany is supposedly protected by a tariff. The wage scale in Italian ivory button factories is from 20 to 25 per cent of those existing in the United States. Good authority for this statement can easily be obtained.

JAPAN.

This is the latest nation to engage in the manufacturing of buttons, and quoting from the report of the Chamber of Commerce at Yokohama, Japan, we find that there are located in one city of Japan (Osaka) 75 button factories. These Japanese factories have representatives and are selling goods to-day in Europe, and we are credibly informed that the Italian manufacturer is now complaining of this Japanese competition.

We have not contemplated herein to file any statistical conditions in reference to the industry of vegetable ivory buttons, as other manufacturers in this line, we understand, have fully covered this ground; therefore, were we also to do likewise, it would make the data in the case unnecessarily voluminous.

In closing we have the honor to contend that our position in this matter is founded on absolute facts, not on any questionable theory.

Respectfully,

CONSOLIDATED BUTTON CO.,
By C. O. THOMPSON, *President*.

BRIEF SUBMITTED BY ADOLPH WEICHT, OF ADOLPH WEICHT & SONS, PHILADELPHIA, PA.

The WAYS AND MEANS COMMITTEE,
House of Representatives:

I respectfully petition, on behalf of our company, that the present tariff Schedule N, paragraph 427, on vegetable-ivory buttons, be allowed to remain unchanged.

LABOR.

I have been engaged in the manufacture in this country since 1884, with the exception of a period of time during which a low tariff prevented my making this class of goods.

I am well acquainted with the vegetable-ivory business of Austria. I have within the past two years visited Austria and have investigated conditions personally.

I respectfully submit the following table, showing the difference between wages here as compared with those in Austria:

	Labor cost in United States per man.	Labor cost in Austria per man.
For handling nuts.....	\$10.00	\$4.50
Sawyers.....	20.00	4.75
Turners.....	20.00	4.75
Stock sorters.....	12.00	3.00
Button sorters.....	8.00	2.40
Drillers.....	9.00	3.40
Polishers.....	13.00	6.00
Tool sharpeners.....	18.00	6.00
Toolmakers.....	25.00	8.00
Superintendents.....	40.00	12.00
Shipping clerk.....	14.00	5.00
Bookkeeper.....	20.00	6.00
Total.....	209.00	65.00

These figures speak for themselves.

I can further state that wages in Italy are below those paid in Austria.

Respectfully,

ADOLPH WEICHT, Sr.

PARAGRAPH 427—BUTTONS.

STATEMENT BY L. FRAISSINET, OF HOBOKEN, N. J., REGARDING VEGETABLE-IVORY BUTTONS.

HOBOKEN, N. J., January 28, 1913.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The retention of the present tariff on ivory buttons is of very great importance to that industry. and any departure from the established schedule is surely going to work great harm and probably cause the closing of many factories. My argument is based not only on the well-known lower cost of production abroad, owing to lower wages and lower other standards, which directly or indirectly affect manufacturers, but very strongly on the fact that the button industry is to-day as never before subjected to the keenest kind of competition, so that prices obtained by manufacturers are lower now than they were at any time in recent years. On the other hand, the price of raw material (ivory nuts imported from Central and South America) is higher and labor costs, if not greater, are certainly no less.

Ivory buttons are sold at extremely low prices. There being an abundance made, the manufacturer in many cases is practically compelled to accept not what he should receive as his due for his investment and his hard work but merely what he is offered. The situation in fact can be summed up in four words, namely, "Too many goods made," hence ridiculously low prices.

This industry has developed very considerably under the present tariff, but it has come to that point where it is a question often, whether the selling price is not too close to or even under the cost price.

It is certain that the cost of buttons on a suit of clothes is a mere trifle, and I submit that a lower rate of duty could only benefit the importers and the clothing manufacturers. Admittedly, the consumer no matter what the buttons on his clothes cost will pay the same price for the suit.

Lastly, the button industry is one in which exists an entire absence of agreement or combinations and in which competition of an excessive nature has held sway to this day without interruption.

Therefore, in justice to the situation that industry is entitled and should be allowed to continue undisturbed.

Respectfully,

(Signed) L. FRAISSINET,
President the Button Machinery Co.

BRIEF OF FEDERAL BUTTON CO.—VEGETABLE-IVORY BUTTONS.

We ask you to continue the present duty on vegetable-ivory buttons, namely, three-fourths of 1 cent per line per gross and 15 per cent ad valorem.

The difference in price between the various classes of ivory buttons is per se not great. Prices do vary, according to the circumstances and conditions under which the buttons are made and sold. However, there is a uniform and regular variation in all classes and under all conditions as between ivory buttons of different sizes.

PRESENT SPECIFIC FUNDAMENTALLY AD VALOREM IN ITS NATURE.

The specific portion of the present duty is three-fourths of 1 cent per line per gross. Permit us to explain: A line is one-fortieth of an inch—a sleeve button is 20 lines in size—that is to say, twenty-fortieths, or one-half, an inch in diameter. The specific here (three-fourths of 1 cent per line) would be obviously 15 cents per gross. A coat button is 30 lines in size (three-fourths of an inch in diameter). The specific here would thus be 22.5 cents per gross.

Let us make this clear. The specific portion of the present duty recognizes the difference in value between the various buttons we make as to size, and in about the right proportion. It is thus fundamentally and to this extent, in its nature an ad valorem duty. In addition we then have the 15 per cent straight ad valorem to take care of other variations in price.

It is essential for us in competition with the foreigner to know what duty he is going to pay. We must have a duty in part specific.

Under the present precarious condition of the industry—earning 2.73 per cent per annum on actual capital—any change in the present duty either as to amount or as to its nature will prove ruinous.

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Because the present duty is so eminently fair we earnestly beg you to permit it to remain unchanged.

Respectfully submitted.

FEDERAL BUTTON CO.,
S. P. MENDEL, *Secretary*.

BRIEF OF PRICE, WATERHOUSE & CO.

NEW YORK, *January 29, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: In accordance with instructions received from William A. Porter, Esq., and his associates upon a committee now in attendance upon the tariff hearings before your committee, we desire to state that at the request of a number of vegetable-ivory button manufacturers, we addressed, on the 18th instant, inquiries to 23 manufacturers of that industry including, as we understood, the principal producers. These inquiries called in each case for a statement showing the actual capital invested in the vegetable-ivory button business, net sales and the net profits derived from that business in each of the three years 1909, 1910, and 1911.

We have received replies from 21 manufacturers, of whom one declined to give the information requested, and five state either that they are unable to give figures for this branch of their business separately or that their figures are so small as to be without real significance.

From the remaining 15 replies we have compiled the following statistics:

Year.	Net capital invested.	Profit upon net sales.
	<i>Per cent.</i>	<i>Per cent.</i>
1909, 13 companies.....	8.42	6.21
1910, 13 companies.....	2.37	2.16
1911, 15 companies.....	3.09	2.90
Average for three years of 13 companies.....	4.13	3.59

On the 23d instant we addressed similar inquiries to four additional concerns, but up to now we have not received any replies to these later communications.

Yours, very truly,

PRICE, WATERHOUSE & CO.

TÖPKEN CO., NEW YORK, N. Y., ASK REDUCTION OF RATE OF DUTY ON VEGETABLE PEARL BUTTONS.

NEW YORK, *February 14, 1913.*

HON. O. W. UNDERWOOD,
*Chairman of Committee on Ways and Means,
United States House of Representatives, Washington, D. C.*

RESPECTED SIR: We beg to call your attention to this, our petition, for the purpose of having the present high rate of duty on vegetable ivory buttons reduced to its former ad valorem rate of 45 per cent. The present duty is really almost prohibitive and quite unjust, for the reason that such goods as we handle in the line are made by the largest and best manufacturers of ivory buttons not only in Europe, but in the world, and such goods are most desirable by the better class of trade of clothing manufacturers in the United States and the jobbers' tailors' trimming houses, and are not approached by the domestic ivory button manufacturers in point of character, style, finish, etc.

Tariff, or no tariff, the domestic manufacturers can not meet the request for such fine goods and, therefore, the present high duty is clearly an injustice to our manufacturer and to ourselves as importers.

The statement that Mr. Sage of the Rochester Button Co. made to your committee in January, that if a specific duty was not assessed on vegetable ivory buttons, the appraiser would not be able to determine the value, and not only that, but insinuated that the importers might undervalue, this we believe was uncalled for, because in the

PARAGRAPH 427—BUTTONS.

past 20 years, and during the time that such goods were admitted at an ad valorem duty, I challenge him to point to a case of fraud by undervaluation in the import of ivory buttons.

He also went very far when he stated that no appraiser on earth could determine values, etc., etc. He knows little about the intelligence of the appraisers of the New York Appraiser's Department, or he would not talk that way, and, furthermore, he should not attempt, in stating his case, to besmirch the probity of the importer.

There are 31 ivory button manufacturers in Germany and Austria. Only three of these, including the one we represent, make goods such as can be handled or sold in this United States market. Job lots or "out of style" goods bought in Europe from jobbers could not be sold here to the trade such as we do business with generally. The present duty is altogether too high and if continued we shall have to drop the importation of the goods, and we feel that the United States tariff was not installed to altogether shut out fair competition, nor goods such as are demanded by the consumers here, simply because it would tend only to conserve the domestic manufacturers of goods that they would force upon the consumer instead of the class of goods they demand that are made abroad.

On the several lines of goods in general that we import we pay duties amounting to \$300,000 or \$400,000 per annum to the United States Government, and we trust our interests will be duly and carefully considered in your deliberations.

English and Italian ivory buttons are not imported at all for the reason that they are not suited in style or make for this market.

The above is a summary of facts in support of our claim for a reduction of the rate on ivory buttons. Tabulated costs of this or that entering into the manufacturing is only kaleidoscopic intended seemingly to confuse and mislead.

If the writer, who has sold vegetable ivory buttons for the past 29 years, all over the United States, were permitted to go before your honorable body with samples of foreign and domestic ivory buttons he would have no difficulty in pointing out the difference between makes, and thus hasten a solution of the problem.

Yours, very truly,

TÖPKEN Co.,
GEO. W. HOGAN.

BRIEF OF M. B. SHANTZ, ROCHESTER, N. Y., CONCERNING VEGETABLE-IVORY
BUTTONS.

ROCHESTER, N. Y., *January 29, 1913.*

Mr. Chairman and gentlemen of the committee, as a manufacturer of vegetable ivory buttons I would respectfully request on behalf of the industry as a whole that the present tariff of 15 per cent ad valorem and three-quarters of a cent per line per gross specific duty, paragraph 427, Schedule N, be maintained and to state that a perceptible lowering of the present tariff would be disastrous to the industry in this country.

Labor is the largest item of cost in our product. We are paying in this country, from three to four times as much as our European competitors, which makes it impossible for American manufacturers to compete with the European manufacturers in the other markets of the world. This also makes it essential to have an adequate tariff in order to pay American wages to American citizens, householders, and bread winners.

Believing that the committee already has abundant data to intelligently guide them to this conclusion, I will, with your permission, confine my statements to a few facts in connection with the industry.

From 1877 to 1887 I was manager with a small interest in a factory in Canada. At the time of low tariff period, beginning in 1884, we established a satisfactory and growing business in the United States in spite of everything the American manufacturers could do to prevent us. Our Canadian labor being only about 10 per cent cheaper than the American, we were able to compete successfully for trade in the United States. During this same period from 1884 to 1888 a majority of the ivory button manufacturers in the United States went out of business (four of the principal ones closing up their factories in the one year, 1887).

Believing that the United States Government would not permit this condition to continue very long, I came to Rochester in 1887 and began manufacturing and importing in a small way so that by 1889 I had the plant in operation and after obtaining additional capital and a fair protective tariff we were enabled to establish a satisfactory business with a rapidly-growing pay roll.

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The lowering of the tariff again in 1893 caused nearly all the manufacturers that had survived the previous depression, to discontinue.

The business as it is to-day has nearly all been built up during the last 15 to 18 years and can now only be considered as being fairly well established. Because of its proportionately large pay roll it has thus far been of more value to the community and to the employees than to the employers.

The following figures taken from the census of 1910, show the relative position of the button industry as regards number employed in relation to capital invested:

Number of employees per million dollars of capital.

Buttons.....	1, 118	Printing and publishing.....	625
Boots and shoes.....	966	Foundry and machine shops.....	400
Men's clothing.....	956	Liquor industry.....	99
Hosiery and knit goods.....	825	All manufacturing industries.....	411
Lumber and products.....	626		

Gentlemen, let me assure you that this is simply a statement of a few facts, omitting the sad details of hardships, mental distress, and bodily suffering, occasioned through no employment during the two long periods of low tariff depressions in this industry. I know from past experience that, personally, we could do more business with the same amount of capital and with less work and responsibility if under a low tariff we would import the bulk of our goods instead of making them here, but it is on behalf of the thousands of worthy Americans who depend upon this industry for their living that I come before you to make this appeal and, gentlemen, I thank you for the opportunity.

Respectfully submitted.

M. B. SHANTZ.

SUPERIOR IVORY BUTTON CO., NEWARK, N. J., WRITE CONCERNING IVORY BUTTONS.

NEWARK, N. J., *January 29, 1913.*

Hon. OSCAR D. UNDERWOOD,

Chairman Ways and Means Committee, and Members of the Committee.

GENTLEMEN: As the committee of ivory button manufacturers can not be given a hearing, we beg to submit, for the consideration of your committee, some important facts bearing on the tariff of vegetable ivory buttons.

We understand that an ad valorem duty of 45 per cent is advocated by the Ways and Means Committee, and we wish to point out how such a duty, if adopted, would prove ruinous to such manufacturers as are engaged in the production of the cheaper grades of goods, while on the other hand giving practically a monopoly to those manufacturing a better quality of goods. The following examples showing the cost of 22 and 27 ligne buttons of the lower grade imported from Italy are based on actual quotations from a foreign manufacturer:

Example No. 1.

22 ligne button, cost per great gross (Italy).....	\$1. 72
Plus 45 per cent ad valorem duty.....	. 77½
Total cost here.....	2. 49½

Example No. 2.

27 ligne button, cost per great gross (Italy).....	\$2. 19
Plus 45 per cent ad valorem duty.....	. 98½
Total cost here.....	3. 17½

Example No. 1 shows the cost of an imported button (with 45 per cent ad valorem duty added) to be \$2.49½ per great gross, while that same button can not be produced here for less than \$3.50, a difference of \$1.00½ in favor of the foreign article.

In example No. 2 we have the cost of a 27 ligne (a larger size) button imported at \$3.17½. Yet that button can not be produced here to sell at less than \$4.50, a difference of \$1.32½ in favor of the foreign button.

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No exorbitant profit has been figured in the above-named prices of \$3.50 and \$4.50—only 5 per cent. This, it must be admitted, is a minimum profit, but the maximum profit does not exceed 10 per cent.

In the above examples we have taken a trouser button, which is the lowest in price. Coat, vest, and sleeve buttons are made of the same material, but bring a trifle better price. Nevertheless, these goods would practically fare no better under a duty of 45 per cent ad valorem. It is plain from the above that under such conditions the American manufacturer could not exist.

Our idea of a duty that would be fair to all concerned is a specific duty of one-half cent per ligne per gross and 10 per cent ad valorem, and we illustrate below how this would operate, using the same buttons as were used in examples Nos. 1 and 2.

Example No. 3.

22-ligne button cost per great gross in Italy.....	\$1. 72
Plus specific duty of $\frac{1}{2}$ cent per gross per ligne.....	1. 32
Plus ad valorem duty of 10 per cent.....	. 17

Cost of foreign button here.....	3. 21
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as against \$3.50, the lowest price at which the same button could be made to sell for here.

Example No. 4.

27-ligne button cost per great gross in Italy.....	\$2. 19
Plus specific duty of $\frac{1}{2}$ cent per gross per ligne.....	1. 62
Plus ad valorem duty, 10 per cent.....	. 22

4. 03

as against \$4.50, the lowest price at which the same button could be made to sell for in this country.

It will be seen from examples Nos. 3 and 4 that even under a duty of 10 per cent ad valorem and one-half cent per ligne specific, buttons that can not be produced to sell for less than \$3.50 and \$4.50 per great gross, respectively, can be imported for \$3.21 and \$4.03. It is only \$0.29 and \$0.47 per great gross below the domestic price under this duty, as against \$1.00 $\frac{1}{2}$ and \$1.32 $\frac{1}{2}$ below domestic price under a specific duty of 45 per cent; but on coat, vest, and sleeve buttons which are not sold so close the American and foreign would be on an equal basis.

To show how the 45 per cent ad valorem duty and that of one-half cent per ligne per gross specific duty and 10 per cent ad valorem duty would operate on the better grade of goods, we give examples 5 and 6.

Example No. 5.

24 ligne, better grade, cost, per gross (Italy).....	\$0. 50
Plus 45 per cent ad valorem.....	. 22 $\frac{1}{2}$

Cost of foreign button here.....	. 72 $\frac{1}{2}$
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This same button is sold for \$0.65 per gross here, which indicates that the duty of 45 per cent ad valorem is somewhat excessive.

Example No. 6.

24 ligne, better grade cost per gross (Italy).....	\$0. 50
10 per cent ad valorem duty.....	. 05
$\frac{1}{2}$ cent per ligne per gross specific duty.....	. 12

Cost of foreign button here.....	. 67
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As stated above this button can be made to sell for \$0.65 here, leaving the article amply protected under a specific and ad valorem duty.

We believe we have shown that under a duty of 45 per cent ad valorem the manufacturers of the lower grades (who represent about 60 per cent of the total manufacturers) come to ruin, while the manufacturer of the better grades is excessively protected. We have also shown that under a duty of one-half cent per ligne per gross

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and 10 per cent ad valorem both are amply protected, and while perhaps we may feel that the latter is the proper duty, yet what we would emphasize most is that only such a duty be adopted as will be fair to both classes, which is not true of the 45 per cent ad valorem, as has been demonstrated above.

When we invested in a new building last spring, we felt that the Democratic Party would be successful. But we felt, too, that the party would be fair and just in its tariff reductions.

A reduction of 33½ per cent is certainly very liberal. Furthermore, it is the limit. The suggested duty of one-half cent per ligne specific and 10 per cent ad valorem represents a 33½ per cent reduction—the limit. We would prefer a reduction of only 25 per cent; but if we must concede more, we trust that we will not be compelled to concede more than the limit and thus be forced to abandon a business which required hard work to establish.

We have just invested \$100,000 in a modern plant. We pay the highest wages and have been able to keep our men employed steadily. Our position is that of a manufacturer who desires an honest tariff that is fair to the consumer and that will protect the American workman and American capital. With this in view we shall be glad to give any further information that you may desire.

Very respectfully,

SUPERIOR IVORY BUTTON Co.
A. BRODERSON, *Treasurer*.

BRIEF OF SNYDER & WHEELER, NEW YORK, N. Y.

NEW YORK, *February 4, 1913.*

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We understand the Treasury Department has recently decided importations by United States ivory button manufacturers of ivory nut slabs from Italy as free of duty.

Your committee last week gave a hearing to a deputation of ivory button manufacturers, who, we think, made out a good case for retention of present duties on ivory buttons, an article very largely, indeed, of labor when finished. To be consistent in demonstrating necessity of protection from the cheap labor of Italy, Japan, and Austria, hardly see why the United States manufacturers should benefit, as they are beginning to do, of the cheap labor of Italy, etc., on a portion of the process of button manufacture.

A concession has lately been granted by Ecuador to parties who will put up a plant for drying, shucking, and cutting ivory nuts into slabs.

Among the other reasons against permitting these slabs to come free of duty:

The putting of ivory nuts into slab form reduces their bulk to nearly one-half, and to that extent would reduce freight earnings by steamship and railroad lines.

Amount of labor now employed in United States in the bringing of ivory nuts along as far as slabs is of considerable item, and who could not exist against foreigners doing this amount of manufacture. The mere freight on slabs to United States would be a bagatelle compared to labor discrimination involved.

Trade with South America would be injured, as, naturally, ivory nuts would go to a greater extent to countries of cheap labor, if such countries could send the slabs free into the United States; and inward goods usually mean outward goods of like amount for our merchants with South America.

Ivory nuts and ivory nut slabs are used wholly and solely in the manufacture of buttons.

It is important to this trade that a duty be placed on slabs, or pieces of ivory nuts in tariff bill now forming, for if not now recognized by your committee it may be a long time before it can again be brought up, and by then irreparable harm will have been done to a trade of long and satisfactory existence.

The duty on ivory nut slabs, or pieces, should, in our estimation, be at least 35 per cent.

Yours, respectfully,

SNYDER & WHEELER.

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BRIEF OF DUMAREST BROS. AND ISAAC BRANDON & BROS., NEW YORK.

Ivory Nuts—When Sawed or Cut into Slabs.

NEW YORK, February 8, 1913.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We understand the Treasury Department has recently decided importations by United States ivory-button manufacturers of ivory-nut slabs from Italy as free of duty.

Your committee last week gave a hearing to a deputation of ivory-button manufacturers who, we think, made out a good case for retention of present duties on ivory buttons, an article very largely, indeed, of labor when finished. To be consistent in demonstrating necessity of protection from the cheap labor of Italy, Japan, and Austria, hardly see why the United States manufacturers should benefit, as they are beginning to do, of the cheap labor of Italy, etc., on a portion of the process of button manufacture.

A concession has lately been granted by Ecuador to parties who will put up a plant for drying, shucking, and cutting ivory nuts into slabs.

Among other reasons against permitting these slabs to come free or duty:

The putting of ivory nuts into slab form reduces their bulk to nearly one-half, and to that extent would reduce freight earnings by steamship and railroad lines.

Amount of labor now employed in United States in the bringing of ivory nuts along as far as slabs is of considerable item, and who could not exist against foreigners doing this amount of manufacture, the mere freight on slabs to United States would be a bagatelle compared to labor discrimination involved.

Trade with South America would be injured, as, naturally, ivory nuts would go to a greater extent to countries of cheap labor, if such countries could send the slabs free into the United States. And inward goods usually mean outward goods of like amount for our merchants with South America.

Ivory nuts and ivory-nut slabs are used wholly and solely in the manufacture of buttons.

It is important to this trade that a duty be placed on slabs or pieces of ivory nuts in tariff bill now forming, for if not now recognized by your committee it may be a long time before it can again be brought up, and by then irreparable harm will have been done to a trade of long and satisfactory existence.

The duty on ivory-nut slabs or pieces should, in our estimation, be at least 35 per cent.

Yours, respectfully,

DUMAREST BROS.,
ISAAC BRANDON & BROS. (INC.),
Importers of Ivory Nuts, etc.

TESTIMONY OF ADOLPH KELLER, OF NEW YORK CITY.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Keller.

Mr. KELLER. Mr. Chairman and gentlemen of the committee, I appear here for two purposes, first, on agate buttons, paragraph 427, and on trouser buckles, paragraph 425, of Schedule N.

Speaking of agate buttons. I represent Messrs. Strauss Bros. & Co., J. Porter & Co., and ourselves, Dieckerhoff, Raffer & Co., all of New York City, in whose behalf I respectfully request a reduction of duty on buttons commercially known as agate buttons.

The rate of duty assessed under the present tariff act, paragraph 427, is one-twelfth of a cent per line gross and 15 per cent ad valorem. Although it may seem that there were \$200,000 worth of those goods imported last year, the agate buttons that were imported predominating were the agate shoe buttons. Seventy-five per cent of the agate buttons that came in the country last year were shoe buttons.

PARAGRAPH 427—BUTTONS.

The other 25 per cent was the agate button, and these are buttons that are not manufactured in this country at all. They are absolutely a foreign production, and there is no possible chance within the near future of them ever being manufactured in this country, for the simple reason that the raw material has never been found in this country to produce these goods.

Mr. HARRISON. Where do they come from?

Mr. KELLER. From Paris, Germany, and there is an Italian factory.

Mr. HARRISON. Where do they get the material out of which they make them?

Mr. KELLER. From China.

Mr. HARRISON. So Paris and Germany import agate from China and manufacture the buttons and ship them over here?

Mr. KELLER. Although the button is known as an agate button, it is not agate.

Mr. HARRISON. What is it?

Mr. KELLER. It is an earth. It is only commercially known as an agate button. It is the cheapest kind of button manufactured. It is used principally on the garments such as children's clothing, cheap shirts, and in fact on the cheapest kind of clothing that is made.

Mr. HARRISON. It is not actually the cheapest button that comes in? That is a nickel-bar button, which is cheaper still?

Mr. KELLER. No; there are agate buttons cheaper than this.

Mr. HARRISON. The unit of value of agate buttons is three-tenths of a cent, and the unit value of the nickel-bar buttons, of which there is a very small importation, is one-tenth of a cent?

Mr. KELLER. I think they are absolutely prohibitive as to the nickel-bar button.

Mr. HARRISON. Practically, yes. But the bulk of the imports of buttons are of these agate buttons you are now testifying about?

Mr. KELLER. Yes, sir; when the domestic manufacturers put the price of buttons under the McKinley tariff, in making the various schedules as they appear in the tariff now, I think there are about eight different rates of duty, and when they made that they made a high enough rate that they even prohibited their own manufacture of certain classes of buttons, and they can not even sell them.

Mr. HARRISON. So far as this very high tariff of 45 per cent on agate buttons is concerned, it is purely a revenue tariff, and there is no protection in it?

Mr. KELLER. There is a protection.

Mr. HARRISON. Because it protects other kinds of buttons?

Mr. KELLER. Not necessarily. It does not protect other buttons, for this reason: The usual button, for instance, is one where 75 per cent come in and are protected at one-twelfth of a cent a line and 15 per cent, the same as the agate button, but the differential duty on those only runs 25 to 40 per cent; so there is really no protection there. If they were specific under the same paragraph as shoe buttons, where they are only providing for paper, and on the same rate, I believe, of 1 cent a gross, it would be impossible to import those shoe buttons.

Mr. HARRISON. Suppose we put a 25 per cent ad valorem duty on agate buttons, would there be more imported?

Mr. KELLER. There certainly would.

PARAGRAPH 427—BUTTONS.

Mr. HARRISON. Would there be more than enough imported to make up for the loss of revenue by cutting the duty from 45 to 25 per cent?

Mr. KELLER. Yes, sir.

Mr. HARRISON. So you believe we would increase the revenue by cutting the duty?

Mr. KELLER. You surely will, because on this button shown on this card [indicating], the top button on that card is the same quality and the same grade as the button that pays the 115 per cent duty. The bottom one is 38 per cent.

Mr. HARRISON. The top one does not come in at all, but is prohibited by this rate?

Mr. KELLER. No; there are only certain numbers that come in, although we get the same styles and the same quality and the same grade, only a different size; and so it is with all buttons. In fact, any button you can take in the schedule, if it is a cheap button used on clothing, bears 115 to 125 per cent, and when it gets down to the better class of buttons, higher in value and larger in size, there is the cheaper rate.

Mr. HARRISON. That is generally the effect of specific duties.

Mr. KELLER. That is the effect of all specific duties. They differentiate, and it is always on the same class of merchandise.

Mr. HARRISON. What do you recommend?

Mr. KELLER. I recommend we have a flat rate on all classes of buttons. There is no reason why the small button should not pay as much as the larger button on a rate of duty, because there are a great many garments where you have to have two sizes of buttons. You will take one size of button that will pay 115 per cent and it graduates down until it gets down to 40 per cent or 63 per cent. As the value goes up, they run from 93 to 57 per cent. The smaller button is the one most used; and that is true until it goes down to the large ones, that differentiate down to 57 per cent. When you get to the shoe button, they merely provide for a paper button in the shoe-button question, and there is one button there, which is the highest-priced one, that only pays 23 per cent duty, and the cheaper button, which is in the greatest demand, will average 52 per cent duty.

Mr. HARRISON. Then you recommend an ad valorem duty?

Mr. KELLER. I recommend an ad valorem duty on all classes of agate buttons, the same as I would on any other button.

Mr. HARRISON. What figure do you recommend to get the most revenue?

Mr. KELLER. Twenty-five per cent on all kinds of buttons. The gentlemen here yesterday, speaking as importers on the other classes of buttons, had the same rates of duties applying in those cases. When it comes up to the high-class goods you will find the duty will run down to 20 per cent, and when it comes to the very cheap ones and the sizes go down and the button gets smaller and gets cheaper, the rate goes on up.

Mr. HARRISON. Did you hear the testimony yesterday of the pearl-button manufacturers?

Mr. KELLER. I did.

PARAGRAPH 427—BUTTONS.

Mr. HARRISON. Do you agree with them there is something special in the manufacture of that button?

Mr. KELLER. I do. From the knowledge I have of the pearl-button business, I believe that industry should not be interfered with.

Prior to the McKinley bill there were not any pearl buttons manufactured in this country, but when the bill placed a duty of $\frac{1}{2}$ cent a line and 15 per cent on those goods, I know personally of workmen from Austria who brought over their tools, and the mechanics themselves came into this country and started in a small way, just as these pearl-button men said, starting little places of their own, and those little places gradually started others. Ninety-five per cent of the pearl buttons that are used in this country are actually made here at the present time. If you reduce the tariff on these, I am afraid that we will get the foreign button. As I say, 95 per cent of the pearl buttons that are used in this country are made here, and the other 5 per cent are principally Japanese goods.

Mr. HARRISON. Do you not think if we reduce this 64 per cent duty we now have on pearl buttons, we would be able to get more revenue?

Mr. KELLER. If you reduce it on pearl buttons?

Mr. HARRISON. Yes.

Mr. KELLER. Yes; we handle pearl buttons ourselves, and as an importer it is only natural for me to say the lower the duty the better I like it; but we buy our goods abroad. At the present time we are compelled under the circumstances to buy our merchandise right here in America.

Mr. HARRISON. But now only 5 per cent of them come in?

Mr. KELLER. About 5 per cent, I should say.

Mr. HILL. Do you manufacture any buttons?

Mr. KELLER. We did.

Mr. HILL. Do you now?

Mr. KELLER. None now.

Mr. HILL. Why did you stop?

Mr. KELLER. Because there was nothing in it. We were in a branch of the pearl-button business, manufacturing a button which we called the ocean pearl.

Mr. HARRISON. I suppose there would be no more come in if we were to reduce the duty one-half?

Mr. KELLER. I am not asking that the duty be reduced one-half. I am speaking of agate buttons.

Mr. HILL. I know it, and the duty is 45 per cent now, according to the figures, and you want it reduced to 25 per cent?

Mr. KELLER. Yes, sir.

Mr. HILL. What commission do you get on selling buttons?

Mr. KELLER. What do you mean by commission?

Mr. HILL. Do you sell on commission or do you buy them?

Mr. KELLER. We buy them.

Mr. HILL. Do you expect the change of duty to make much difference in the price here?

Mr. KELLER. It surely will. We always figure the basis of the selling price of our merchandise on the amount of cost we pay for them plus the duties and 10 per cent business expense. If the duties go down, the price of buttons goes down.

PARAGRAPH 427—BUTTONS.

Mr. HILL. The price of the domestic button? The price in the domestic market?

Mr. KELLER. The domestic market uses these agate buttons principally at the present time—and I am speaking of those that go on the cheaper garments and children's wearing apparel—and are asking for a reduction, and we told them, "You can have a reduction when the duty goes down."

Mr. HILL. What kind of a button did you make when you were in the business?

Mr. KELLER. I was not personally in the business, but the firm I represent did make some pearl buttons.

Mr. HILL. Do you mean the kind that is made from the fresh-water mussel?

Mr. KELLER. No, sir; we have the ocean pearl.

Mr. HILL. Did you make any other kind of button?

Mr. KELLER. No, sir.

Mr. HILL. None whatever?

Mr. KELLER. None whatever.

Mr. HILL. Because, as you say, there is nothing in that?

Mr. KELLER. There was nothing in it.

Mr. HILL. As a matter of fact, do you not think there would be less in it if you reduced the duty?

Mr. KELLER. You are speaking now of the pearl button?

Mr. HILL. Any of them, whether pearl or otherwise.

Mr. KELLER. No; it would not. When you speak of the pearl button, I would say yes.

Mr. HILL. Do you not think the duty was to the advantage of the domestic manufacturer?

Mr. KELLER. I do not know that it would interfere with them in any way.

Mr. HILL. Why would it interfere in any way to reduce the duty?

Mr. KELLER. If you eliminate the pearl-button feature of it and speak of the others, then it would not.

Mr. HILL. What is the ordinary commission of the importer in selling goods of this kind?

Mr. KELLER. As I stated before, we take the value of the merchandise plus the duties and allow about 10 per cent for business expenses, and that would be the figure on which we base the sale of the merchandise.

Mr. HILL. Then what would you expect to add as a profit?

Mr. KELLER. The profit is included in that.

Mr. HILL. Out of the 10 per cent?

Mr. KELLER. Yes, sir.

Mr. HILL. You would probably make a commission, if you were a commission house, of about 5 per cent and have 5 per cent for expenses?

Mr. KELLER. We not being a commission house, I would not like to say.

Mr. HILL. Would that not be the ordinary rule?

Mr. KELLER. Offhand, from what I have heard, it would be about 5 per cent.

PARAGRAPH 427—BUTTONS.

Mr. HILL. Would you be perfectly willing that a duty should be fixed at such a rate as would give 5 per cent to the domestic manufacturer?

Mr. KELLER. To the domestic manufacturer?

Mr. HILL. Yes.

Mr. KELLER. I do not know what they are making or what their commissions are.

Mr. HILL. Of course, the whole purpose as an importer is to want everything in the business, and I do not blame you, because I would get it if I could; but would not that be the way to treat the domestic manufacturer, on an equality—and you say yourselves you went out of the pearl-button business because there was nothing in it. •

Mr. HARRISON. I think this witness testified there are no agate buttons made in the United States.

Mr. KELLER. Absolutely none made. When the McKinley bill went into effect, I remember the agate-button importers were down here, and they explained that fact to the committee, and the committee said, "the button schedule is made up, and the agate buttons are going to go in there, and anything you have to say about it will have no effect."

Mr. HILL. I did not refer particularly to the agate buttons, but the witness recommended, as an importer, that there be a straight ad valorem on all classes.

Mr. HARRISON. No; on everything except pearl buttons.

Mr. HILL. Yes; except on pearl buttons.

Mr. KELLER. The reason I say on all buttons is that the button importers had meetings in New York, and Mr. Blumenthal was delegated to represent our interests, and after discussion pro and con, they settled on the 25 per cent rate. The agate buttons prior to the McKinley bill have always paid a 25 per cent duty. Four years ago we were advised that there was not any need of coming down here to try to have the rate of duty changed, because the party then in power was elected to change the tariff, to give the country a reduction in the tariff, and they left it as it was, but in a great many things I do not think there was a reduction of the tariff.

I have here, Mr. Chairman, a sample card showing the four grades of buttons which have been practically used, made of agate, the so-called commercially known agate button; and also the shoe buttons, giving the four grades with the line measurement. The line measurement is one-fortieth of an inch. In a brief which I have filed with the clerk of your committee, I have made a statement giving the aggregate differential duty, which is equivalent to 12 and 15 cents a line, opposite each one of those buttons. I would like to file that sample card with the committee.

The CHAIRMAN. You may do so.

The sample card of buttons referred to was thereupon filed with the clerk of the committee.

Mr. FORDNEY. Did I understand you to say on your capital invested you make about 5 per cent on imported goods?

Mr. KELLER. I did not. Mr. Hill said that.

Mr. FORDNEY. What rate do you make out of this 10 per cent which you add for selling expense and profit?

PARAGRAPH 427—BUTTONS.

Mr. KELLER. We take the price of the goods which the manufacturer sells us and add the duties, plus the 10 per cent as a business charge, and that is the wholesale price of the article.

Mr. FORDNEY. What portion of that 10 per cent is profit?

Mr. KELLER. Ten per cent? What portion?

Mr. FORDNEY. Yes.

Mr. KELLER. The portion of that would be $7\frac{1}{2}$ to 8 per cent.

Mr. FORDNEY. How many times a year do you turn your capital?

Mr. KELLER. On \$200,000 of importations?

Mr. FORDNEY. Whatever you have invested; you make $7\frac{1}{2}$ per cent on what you have invested. How many times a year do you turn your capital and make $7\frac{1}{2}$ per cent on it?

Mr. KELLER. That is on one item. We are importers—

Mr. FORDNEY (interposing). As a merchant, you have so much capital. Do you turn that capital more than once a year in buying and selling goods? If so, how many times a year do you turn it?

Mr. KELLER. I do not quite grasp what you are after.

Mr. FORDNEY. Suppose you are a merchant having \$200,000 capital invested, and you are buying foreign goods. What were your total sales and what would they amount to during the year?

Mr. KELLER. On all classes of merchandise for our business?

Mr. FORDNEY. Yes; in your business, whatever it is.

Mr. KELLER. We did about \$4,000,000 worth of business last year.

Mr. FORDNEY. Then you turned your \$200,000 of capital a good many times to do \$4,000,000 worth of business?

Mr. KELLER. We would have to.

Mr. FORDNEY. And you made $7\frac{1}{2}$ per cent each time you turned your capital?

Mr. KELLER. No; we did not. There are some features of it we did not make anything on. There is close competition on these lines.

Mr. FORDNEY. Where does this $7\frac{1}{2}$ per cent come in that you say you add 10 per cent to your goods abroad and that about $7\frac{1}{2}$ per cent of that is profit?

Mr. KELLER. I did not say it is $7\frac{1}{2}$ per cent profit. In an offhand way I say the foreign price of the merchandise plus the duties is taken as a basis, and we figure 10 per cent expenses, which is supposed to carry all charges.

Mr. FORDNEY. Let us get down to one-half of that as profit and then say that on \$200,000 capital your total sales were \$4,000,000. That is turning your capital a good many times?

Mr. KELLER. That is, all kinds of merchandise?

Mr. FORDNEY. That is quite a good percentage on your capital. You did not find it profitable to remain in the manufacturing of buttons, and you went into merchandising and the buying of foreign goods and selling them, and you found it more profitable. You would have remained in the manufacture of buttons if you found it profitable, would you not?

Mr. KELLER. I do not think so. We were importers for a good many years, and this manufacturing we had forced on us. The pearl-button men, in a small way, when the McKinley bill went into effect, came into this country and started the manufacture of pearl buttons. We took his products, and eventually our sales grew larger than his

PARAGRAPH 427—BUTTONS.

factory output. We advanced him from time to time, and as his factory grew we built his factory, so he was able to make deliveries for our sales. He became eventually the manager of it. It was a stock company, but after a while, with competition, or for some other reason—I do not remember any more the reason of it, but I know they gave up this factory.

Mr. FORDNEY. Since the McKinley tariff law put a duty on buttons, have the prices of buttons in this country gone up or down to the consumer? Is it not a fact they have materially lowered in price to the consumer?

Mr. KELLER. Oh, no; I would not say that.

Mr. FORDNEY. It is my understanding that they have, many times.

Mr. KELLER. Buttons are a peculiar article. There are some of a staple character. There are others of a fancy character. Some buttons have an intrinsic value, and yet a merchant in selling them will get 100 per cent over and above what they are worth just because of the demand, and the demand will fall off and the price of those buttons will drop 50 per cent within a week.

Mr. FORDNEY. I thank you for that, but I want to ask you this: You spoke about the lower-priced buttons having a higher rate of duty *ad valorem*, as I understood you, than the higher-priced buttons?

Mr. KELLER. Yes, sir.

Mr. FORDNEY. On the lower-priced buttons I understood you to say something like 100 per cent; is that right?

Mr. KELLER. Yes, sir.

Mr. FORDNEY. They, I understood you to say, are used in making up the cheaper valued garments?

Mr. KELLER. Cheap garments.

Mr. FORDNEY. Children's and such like?

Mr. KELLER. Yes.

Mr. FORDNEY. What would that difference in the duty be on enough buttons to make a suit of clothes for a boy, the suit retailing at \$5 or \$6? If the duty were removed, how much less would the boy pay for that suit of clothes than he gets it for to-day under this high rate of duty?

Mr. KELLER. The button I have at the head of this card [indicating] which is one of our No. 1½ white lentille, which is an 18-line button, is worth 1.10 francs per great gross.

Mr. FORDNEY. How much in American money is that?

Mr. KELLER. With the discount, that will make it 18 cents.

Mr. FORDNEY. On the gross?

Mr. KELLER. Yes, sir.

Mr. FORDNEY. That is the value of a gross of those buttons?

Mr. KELLER. Yes, sir.

Mr. FORDNEY. How many of those buttons would be used on a suit of clothes that a boy wears, that would retail for four or five or six dollars?

Mr. KELLER. They are not used on clothing of that character. They are used on calico garments and things of that kind.

Mr. FORDNEY. Say on a dress on which they are used?

Mr. KELLER. How much would the dress be worth?

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Mr. FORDNEY. No. I ask what, then, would that garment sell to the consumer for, if the buttons on that garment which you have mentioned there were at a 25 per cent duty instead of 45 per cent or were put on the free list. Is not the difference in the value of that button so small it would not be noticed at all, and the consumer would get no benefit?

Mr. KELLER. On the contrary, it would change the value of the garment by the dozen, the way they are sold, to about 5 per cent or 10 per cent in some cases.

Mr. FORDNEY. And how much do you say those buttons sell for per gross here, in American money?

Mr. KELLER. The value of that is 18 cents, plus the duty 20.7 cents. That is equivalent to a 115 per cent rate. Adding 20.7, the rate on that is—

Mr. FORDNEY (interrupting). On one gross?

Mr. KELLER. On one gross that is 39 cents, and the freight charges, business expense, etc., 10 cents more.

Mr. FORDNEY. But whether on the free list or the protected list those are exactly the same. I am speaking of the tariff alone. What is the difference between free trade and a tariff on a gross of those buttons?

Mr. KELLER. It shows 115 per cent of duty.

Mr. FORDNEY. How many cents would that be?

Mr. KELLER. 20.7 cents.

Mr. FORDNEY. Out of a gross there are not more than a dozen buttons used on a garment. Do you think that would make any difference to the consumer?

Mr. KELLER. If you take a gross—

Mr. FORDNEY (interrupting). I am speaking of the consumer of the garment and the number of buttons on the garment for a child or a woman.

Mr. KELLER. It surely does to the manufacturer that makes them.

Mr. FORDNEY. I was asking about the retail price that the ultimate consumer pays, and not the price the factory man pays.

Mr. KELLER. I would not speak for the garment maker, but I am sure if he uses a dozen buttons on a garment and he has a dozen garments, which is a gross of buttons, and he buys buttons on them 21 cents cheaper—

Mr. FORDNEY (interposing). Twelve dozen buttons 21 cents cheaper and a dozen going on a garment?

Mr. KELLER. I would naturally think the cost of producing one dozen garments is 21 cents cheaper, and on the cheaper garment it would be a matter of 5 or 10 per cent.

Mr. FORDNEY. That is a cent and a fraction on a garment. Do you believe the consumer would get it for a cent and a fraction cheaper than he is getting it to-day?

Mr. KELLER. I certainly think he would; yes.

Mr. HILL. I want to ask about that meeting. You say there was a meeting of the importers in New York and that they agreed on a 25 per cent rate. Did I understand you correctly?

Mr. HILL. Did they have any discussion about the matter?

Mr. KELLER. Yes.

PARAGRAPH 427—BUTTONS.

Mr. HILL. What was the ground on which they agreed that the 25 per cent rate—by the way, how many were there? Were you present?

Mr. KELLER. I was present. There were about five or six there, if I remember right, and they represented the importers of buttons in New York.

Mr. HILL. The importers of buttons in New York?

Mr. KELLER. Yes, sir.

Mr. HILL. What was the basis upon which they reached a 25 per cent ad valorem rate on all buttons?

Mr. KELLER. The general importations of the class of merchandise that comes in, of the higher class goods, average about along that line, 20 to 25 per cent.

Mr. HILL. Were any of those five or six importers who were present manufacturers in the United States?

Mr. KELLER. Yes, sir.

Mr. HILL. How many of them?

Mr. KELLER. There were two of them there, and they could not agree on the 25 per cent rate. They were perfectly satisfied to accept the 35 per cent rate.

Mr. HILL. They thought they ought to have 35 per cent?

Mr. KELLER. Because they were manufacturers.

Mr. HILL. Because they were manufacturers?

Mr. KELLER. Yes, sir.

Mr. HILL. And the importers wanted 25 per cent?

Mr. KELLER. It is only natural an importer would ask for all he can get.

Mr. HILL. Did those who were manufacturers claim the 25 per cent was below the difference in cost of production here and on the other side, and that it would encourage importation?

Mr. KELLER. That was not discussed.

Mr. HILL. What was the reason for the respective differences of opinion between those five men, because I think that will furnish a good deal of light to the committee?

Mr. KELLER. I think the other two gentlemen stated they were interested in manufacturing interests, and said they could not very well agree to anything that contemplated a lower rate than 35 per cent. In fact, there was a time there when, so far as we as importers were concerned, we did not care whether we did have it 35 per cent. Some of them did get interested enough to find out, under the existing button paragraph, that certain buttons, although they were the same style and the same grade, only of a different size—and, of course, size making the value, it would be a larger button—that it was only 20 per cent duty, but it was on the high-class buttons.

Mr. HILL. Then in a meeting of five importers, the three interested in the sale of foreign buttons and importing them to this country, called for a duty of 25 per cent, and the two interested in the manufacture in this country thought that 25 was too low and that it ought to be 35, and you therefore are here representing the button people of New York by a majority of one out of five in favor of the 25 per cent duty?

Mr. KELLER. I am not here representing any of the button people except on agate buttons.

PARAGRAPH 427—BUTTONS.

Mr. HILL. I understood you to say a moment ago you attended that meeting?

Mr. KELLER. I did; I attended a meeting of the button importers. But I am only here representing agate buttons.

The CHAIRMAN. It is 1 o'clock, gentlemen, and the committee will stand in recess until 2 o'clock this afternoon.

Thereupon (at 1 o'clock p. m.) the committee took a recess until 2 o'clock p. m.

AFTER RECESS.

The committee reassembled, pursuant to adjournment, at 2 o'clock p. m.

The CHAIRMAN. Gentlemen, the committee will come to order.

Mr. Keller, when we adjourned at recess, had not taken up the second question to which he wanted to address himself. Mr. Keller, if you will come right down to it.

TESTIMONY OF ADOLPH KELLER—Continued.

Mr. KELLER. I will come right down to it, Mr. Chairman. It is on trouser buckles. These buckles are made especially for the American market. If they were not made for the American market, there would not be any imported. There are certain lines which I have in my brief explaining that. The value of them is 63 pfennigs, which is about four one-thousandths of a mill under 15 cents.

Mr. DIXON. A gross?

Mr. KELLER. A box of a hundred, which allows them to come in at 5 cents a hundred plus 15 per cent of the value. There are \$300 worth of the higher grade imported, meaning those that are valued over 15 cents per hundred and pay duty at 10 cents per 100 and 15 per cent ad valorem. The balance, \$7,200, were of the cheaper grade valued under 15 cents per 100 and pay a duty of 5 cents per 100 and 15 per cent ad valorem. Gentlemen, I would like to submit that with the brief I have, and I think that will cover the whole matter.

The CHAIRMAN. We will look into it when the time comes.

NEW YORK, January 28, 1913.

THE COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Representing the following importers of agate buttons—Messrs. Strauss Bros. & Co., J. Porter & Co., and ourselves, Dieckerhoff, Raffloer & Co., all of New York—we respectfully request a reduction of duty on buttons commercially known as agate buttons.

The rate of duty as assessed under the present tariff act at one-twelfth cent per line per gross, and 15 per cent ad valorem, is excessive and unreasonable. The present rate is equivalent to a rate from 38 per cent up to 115 per cent ad valorem. The rate differentiates on the various sizes of buttons, and it would seem that a button of same grade or quality should pay the same rate of duty, whether large or small. These agate buttons are not made in this country, nor are they likely to be made, because none of the raw material required has been found here. They are entirely of foreign production, therefore without a domestic competition. These agate buttons are one of the cheapest kind of buttons produced, and are used by manufacturers of cheap shirts, underwear, etc.; in fact, on all wearing apparel of the cheapest kind.

Agate shoe buttons, which are assessed the same as agate buttons, pay an equivalent rate of from 25 to 40 per cent ad valorem. The importations of shoe buttons predominate, and would say that about 75 per cent of agate buttons imported by us are shoe

PARAGRAPH 427—BUTTONS.

buttons. We herewith submit sample card of agate buttons and shoe buttons, which are the staple goods imported, with a statement showing the equivalent ad valorem, which is equal to the present specific and ad valorem rate as assessed; also submit schedule as paragraph 427 should read in the new tariff..

Statement of agate buttons as per sample card.

	Price in francs.	Price in United States currency.	Present duty.	Equal to ad valorem rate.
White lentille:				<i>Per cent.</i>
14, 18 line.....	1.10	\$0.18	\$0.207	115
16, 20 line.....	1.70	.26	.239	92
20, 21 line.....	2.25	.345	.262	76
30, 23 line.....	2.75	.42	.293	70
40, 25 line.....	3.20	.49	.323	66
50, 27 line.....	3.70	.567	.355	63
Perle lentille:				
74, 13 line.....	2.00	.306	.175	57
76, 15 line.....	2.15	.33	.199	60
78, 17 line.....	2.50	.383	.267	70
80, 21 line.....	4.50	.689	.333	49
81, 23 line.....	5.75	.88	.362	41
82, 25 line.....	7.20	1.10	.415	38
Articles 259 and 47:				
14, 15 line.....	1.25	.192	.179	93
16, 17 line.....	1.45	.222	.203	91
18, 19 line.....	1.90	.291	.234	80
20, 21 line.....	2.45	.385	.268	70
22, 23 line.....	2.90	.454	.298	65
24, 25 line.....	3.90	.598	.34	57
Agate shoe buttons:				
3004, 14 line.....	7.20	1.103	.305	27½
2004, 14 line.....	8.40	1.287	.333	26
174, 14 line.....	4.00	.613	.232	39
522, white, 14 line.....	12.10	1.85	.417	23

Paragraph 427: Strike out all reference to buttons in paragraph 448.

Buttons or parts of buttons, button molds or blanks, finished or unfinished, shall pay duty at the following rates. The line button measure being one-fortieth of an inch, namely:

Buttons of pearl or shell, shoe buttons of all kinds of whatever material made, 25 per cent ad valorem.

Buttons of bone, horn, glass, metal, or vegetable ivory; buttons known commercially as agate buttons; and buttons of every description not specially provided for in this section; and all collar and cuff buttons and studs, 25 per cent ad valorem.

We herewith respectfully submit these statements for your consideration, and earnestly request that you will favor the reduction of duty asked for on agate buttons and agate collar buttons, namely, 25 per cent ad valorem.

Respectfully submitted.

DIECKERHOFF, RAFFLOER & Co.

TESTIMONY OF A. V. HAMBURG.

The witness was duly sworn by the chairman.

Mr. HAMBURG. Mr. Chairman and gentlemen, I am here in the interest of the ocean pearl button manufacturers of the United States.

I have a brief that I have prepared and shall leave with you, and wish to state in addition a few facts bearing upon this matter, and I can assure you that I will not exceed the time allotted to me.

In the first place, let me state very briefly that the manufacturing of pearl buttons is a peculiar business. You have perhaps some little idea from the gentlemen that preceded me, and as I said, I represent the ocean shell. We mean by that this class of goods, entirely worked up [exhibiting sample], imported, no duty.

PARAGRAPH 427—BUTTONS.

There was a reference made here to a certain line of pearl buttons and that refers to the shell found in this country known as the sweet water or fresh water, a button in which there is considerable business.

We feel that our business, or our industry, is one that this Government will recognize should be encouraged, and I will tell you why. It consists of a very large number of small concerns and no large establishments. The success of this business seemed to manifest itself shortly after the act of 1890. Prior to that time our business in this country was of very little importance. All the goods came from abroad. Probably 5 per cent of the goods consumed were made in America. Immediately upon the operation of the bill that I have referred to, or two years afterwards, that sharp, shrewd ingenuity that we have here to produce resulted in turning that around, and 95 per cent of the stuff used is made in America. With the introduction and operation of the Wilson bill, which changed the tariff, the manufacturers' production dropped possibly one-half. The foreign goods came in. Under the operation of the Dingley bill it increased again, as the figures you have there will show, and I have attached to my brief a list of the importations since 1884. Under the last bill the tariff was left unchanged, and our business has been continuing in a prosperous way.

I wish to assure you, gentlemen, that in our business, in our industry, there is no combination or trust. You say, "You are too small; your individual industries are too small." That may be. Neither is there any agreement as to prices or method of marketing our stuff, but each manufacturer places his goods on the market as best he can.

The pearl buttons that were imported, and there are a few imported still, if you will allow me to explain, I will say this character of goods [exhibiting sample]. The duty, as was explained by one of the previous speakers, is 1½ cents a line and 15 per cent ad valorem.

Mr. HILL. Right there, let me ask you this question, Mr. Hamburg.

Mr. HAMBURG. Yes, sir.

Mr. HILL. So that we may all understand it. What was the value, if any, of the material out of which the pearl buttons, which are now made from the mussels of the fresh-water rivers of the West, prior to the passage of the bill which you have referred to?

Mr. HAMBURG. I am glad you asked that question. About the time that we were in a position to make pearl buttons, there was a man by the name of Buckle who experimented in a small way with some shell that he took from the Mississippi River. After a while he finished a button that was in such shape as could be marketed. The result has been since then a very long story, but it has been one that has given the people in the West in particular—that is the kind you referred to—thousands and hundreds of thousands and millions of dollars in wages. I am not representing that part of the business at all. Our shell runs from \$1,200 to \$1,600 a ton. Theirs runs from \$15 to \$20 or \$30, but, nevertheless, it is a part of the entire business. I will say to you that every person in this room has probably on some part of their wearing apparel at this moment a pearl button, and you may say, "Yes, but of the garment itself, of the apparel, that is a very small part." That is just the reason why so many small concerns exist, each of them doing business in their own way. Does that answer your question?

PARAGRAPH 427—BUTTONS.

Mr. HILL. You did not tell me whether it was of any value.

Mr. HAMBURG. None whatever. It runs just the same as the oyster shell, with which we have experimented. It is too brittle, and we can not do anything with it.

I have a letter from our consul general at Vienna, in which he writes as follows:

Pearl buttons will probably never be an important industry of the United States. Labor is so cheap here that they can not make them very successfully.

However, we have demonstrated that we can.

On this class of goods [exhibiting sample], of which we have had the importations referred to, the duty is about 62 per cent. I give you that within 1 or 2 per cent, without reference to the figures.

When I tell you that a button that we pay 30 cents to make is sold at 15 cents in Japan, you can see that we do not dare even to suggest reducing the tariff on our line and still maintain our industry. When I show you this button here, and these are right from that country [exhibiting sample] I can tell you that we pay 40 cents to make that, and they bring those buttons over for 27 cents. Do you think we are asking too much when we ask for 1½ cents a line and 15 per cent ad valorem?

I want to say this, before the chairman informs me that my time is up: This class of goods [exhibiting sample] is made in Japan, where these samples came from, at 22 cents, 24 cents, 26 cents, and 32 cents per gross, and we pay 50 per cent more than that to our help to make them. Consequently you ask why do we ask to have our tariff maintained? I will tell you why, gentlemen. On this class of goods that I am showing you [exhibiting sample] the average pay to our help is 68 per cent of the cost. Four manufacturers are within 10 feet of me who will certify to that as being true in their factory.

Now, we have been told that we are up against it here, and I will admit that you could wreck me all to pieces here in a few questions, and probably one would be, "What are you going to do; you have to have some goods coming over to get a revenue?" Yes, that is true; but if you take off 10 per cent on enough to allow 33 per cent of our stuff to come to this country, you allow 99. You can not help it otherwise.

I have been in this business since the day the McKinley bill went through. None of our people have amassed fortunes. When we were here four years ago, when the other bill was under consideration, we submitted a sheet showing each individual concern, each company engaged in this business, with its rating. We shall ask you to refer to that list to-day and see if you think there has been much progress in it. We pay our hands good wages. We pay our cutters \$15 to \$20 a week, and in Bohemia they get \$4.85 to \$7. News left there two weeks ago to that effect. In Austria the general workman gets \$4.87 to \$9.75; in England, \$6 to \$8; and in Japan, \$1.50 to \$3. I am not talking about pauper labor and that low-priced labor in England. I am simply stating a few facts relating to our particular industry.

Mr. PALMER. What proportion of the total cost of producing your product is labor cost?

Mr. HAMBURG. Sixty-eight per cent.

PARAGRAPH 427—BUTTONS.

Mr. PALMER. Sixty-eight per cent of it?

Mr. HAMBURG. Yes, sir; 68.

Gentlemen, are there any other questions? I was just giving you a few facts bearing upon our business.

Mr. KITCHIN. How much do you say Japan can make these buttons for that you pay forty-odd cents to make?

Mr. HAMBURG. I will give it to you exact to the penny. You spoke about the Japs?

Mr. KITCHIN. Yes, sir.

Mr. HAMBURG. The buttons that they bring over and land at San Francisco they sell from that point at 15 cents. When those buttons are made in this country we pay 30 cents for the labor.

Mr. KITCHIN. You are not making any of those buttons, then, are you?

Mr. HAMBURG. We make the same character of goods. There are not many of these come in from Japan. The whole amount of imports last year was less than a hundred thousand dollars.

Mr. KITCHIN. I know; but if it costs you as much to produce that button as it does the Japanese to land it——

Mr. HAMBURG. But the duty is more than 50 per cent.

Mr. KITCHIN. If it would be 100 per cent it would cost you twice as much.

Mr. HAMBURG. No; we do not make these. We make a different class of goods right here and sell them; this class of goods [exhibiting sample].

Mr. KITCHIN. There is one class of button that I understand from you the Japs land here at 27 cents, and it costs you some forty-odd cents to make them.

Mr. HAMBURG. Twenty-seven cents, and we pay 40 cents for the labor.

Mr. KITCHIN. You pay 40 cents for the labor?

Mr. HAMBURG. Yes, sir. Now, having this duty——

Mr. KITCHIN. That does not include overhead charges or anything for material?

Mr. HAMBURG. That includes 10 per cent for fixed overhead charges, tools, and material.

Mr. KITCHIN. On that button that the Japs can make and land at 27 cents, what would the whole cost be to you for material and labor and overhead charges?

Mr. HAMBURG. Well, I will withdraw the "land" part of it. They can bring it to San Francisco and then they have to pay the duty.

Mr. KITCHIN. What would that cost you? The labor costs you 40 cents. What will your overhead charges and raw material cost you?

Mr. HAMBURG. I will give you the materials.

Mr. KITCHIN. I do not think they should be allowed to have that tariff if that is true.

Mr. HAMBURG. Well, we have not made a great deal of money. The average profit is 4 per cent.

Mr. KITCHIN. What does that same button sell for?

Mr. HAMBURG. I am going to tell you.

Mr. KITCHIN. The labor cost is 40 cents?

Mr. HAMBURG. Yes.

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Mr. KITCHIN. Now, what do your raw materials and overhead charges amount to?

Mr. HAMBURG. That button costs, with the duty, 57 cents. It costs 60½ cents. Now, there is not difference enough in that for them to be handled successfully here.

Mr. KITCHIN. What I do not understand is, if the duty is not over 64 or 65 cents —

Mr. HAMBURG. Well, it varies.

Mr. KITCHIN. So that really the duty on that button you are talking about is over 100 per cent, is it not?

Mr. HAMBURG. Well, you may figure it on the cost of a button or its value.

Mr. KITCHIN. I know, but then it has 3 cents margin on you. I do not quite see how you are making this button, to save my life.

Mr. HAMBURG. I will tell you. One of you gentlemen were asking about the line. There is a button that may be 40 lines. That may be \$4, and it only costs \$4 and 15 per cent ad valorem. That would be \$4.60.

Mr. KITCHIN. I was speaking of that button that was over 100 per cent —

Mr. HILL. Where did you get the figures as the value of the fresh water shell since the industry was established in this country?

Mr. HAMBURG. It had no value until they got up to sometimes as high as \$35 per ton.

Mr. HILL. You are paying now more by a great deal than when the duty was first established?

Mr. HAMBURG. Oh, yes.

Mr. HILL. Consequently the duty is not as beneficial to you now as it was then?

Mr. HAMBURG. Well, the answer would be no and yes.

I want to say, Mr. Chairman and gentlemen, in closing, that conscientiously, I do not think if you were in the button business, manufacturing pearl buttons, or were an importer in New York City handling buttons, that you would do anything else but what I am going to do here, and that is this—plead that the present tariff on pearl buttons be maintained, for this reason: The importers who handle imported goods will not come here and ask for it. They recognize that it is a necessity. They are getting better merchandise. Your wife and my wife buys a better button to-day than they ever bought of the foreign stuff, for a low price, and there is only one single industry and one single line of importers who would dare to come to you and ask a reduction on pearl buttons conscientiously, and that would be the Japanese importers in New York City.

I thank the committee for your attention.

OCEAN SHELL PEARL-BUTTON INDUSTRY.

HON. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: The manufacturers representing the various trades that use mother-of-pearl or ocean shell as raw material respectfully submit to your committee the following:

PARAGRAPH 427—BUTTONS.

The manufacture of pearl buttons was made possible in the United States by the tariff of 1890. Prior to that time the industry was of little importance in the United States, being imported from Austria, England, and France.

Our industry is made up of a large number of small manufacturers located largely in the States of New Jersey, New York, and Pennsylvania, giving employment to a large number of people.

We should like to place before you the fact that in our trade there are no combinations of any kind existing, neither are there any agreements or understanding as to the maintaining of prices, for there is absolutely free competition in the open market amongst the manufacturers, each firm placing their goods on the market as best they can.

It is fair to assume that a great number of the manufacturers are men of average intelligence, still there are no great fortunes that have been amassed in this trade, but since the successful production of this class of goods in America, the consumers have been benefited by having the very best merchandise at the lowest price.

The question of labor enters very largely into the cost of production. This applies particularly on the line of buttons known as staple pearls, the average cost of labor being 68 per cent of their value.

Prior to 1890, the consul general at Vienna reported that the manufacturing of pearl buttons was not an industry of the United States and probably would never be, stating pearl buttons could not be manufactured by machinery owing to the brittle nature of the shell and that hand labor was paid so low that the United States could not compete.

When we tell you that when sufficient protection was given us to pay the standard wages of this country we reduced the importations from \$1,612,000 in 1887 to \$100,000 in 1891, and since that the industry has been one of growth in this country.

Recently there has developed a most formidable danger to the industry in the shape of Japanese competition. We beg to submit a paragraph taken from the report of United States Consul General Henry B. Miller of June, 1908, from which your committee will be able to see not only the increase of this industry in Japan but also the tremendous increase of ratio of exportation of buttons to European countries.

The rate of wages paid to the pearl-button manufacturers in the United States are for cutters, \$15 to \$20 per week, while in Bohemia the rate of wages paid for the same work is \$4.85 to \$7. In Austria the general workmen on pearl buttons receive from \$4.87 to \$9.74, and in England \$6 to \$8, while in Japan \$1.50 to \$3. We believe this information valuable for your committee in considering our petition for the retention of the tariff on pearl buttons and pearl novelties.

We do not come here presuming to tell you what to do, but to lay before you facts relating to our industry—that of manufacturing pearl buttons and novelties—and to state that the changing of the tariff on the class of goods we refer to will disturb our industry and affect thousands of workmen engaged in the industry.

We are pleased to hand you herewith a statement showing the imports from 1884 to 1912, inclusive, which we believe will be of value in connection with the foregoing facts.

We ask that the present tariff on pearl buttons and pearl novelties be retained.

As contained in Schedule N, page 50, paragraph 414, pearl buttons finished or partly finished, 1½ cents per line specific, and 15 per cent ad valorem; also on pearl novelties as contained in schedule "Miscellaneous manufactures," page 54, paragraph 460, 35 per cent.

A. V. HAMBURG,

Chairman Manufacturers Pearl Button Committee.

JAPAN.

Consul General Henry B. Miller forwards from Yokohama the following information from newspapers published in Japan of industrial development in that Empire:

The manufacture of shell buttons was introduced into Japan by a German about 20 years ago, and factories have since been started in Osaka, Hyogo, Wakayama, and other places. Raw material is imported from India and the South Sea Islands. The principal destination of the buttons is Germany and France, whence they are reexported to other countries. It is stated that lately orders have been received by manufacturers direct from Europe. At present Osaka is the center of the shell button industry, there being in the city over 60 factories, while there are 12 or 13 in Hyogo and Wakayama, 3 or 4 in Mie, and 2 each in Ishikawa and Cita. There is 1 factory in Okayama which is devoted to the manufacture of buttons from mother-of-pearl. The

PARAGRAPH 427—BUTTONS.

value of buttons exported last year amounted to \$272,600 against \$169,900 in 1906 and \$74,900 in 1905.

Pearl buttons imported.

Year.	Imports.	Duty.	Per cent duty.
1884.....	\$1,496,000	25 per cent.....	
1886.....	1,681,747	do.....	
1887.....	1,612,000	do.....	
1888.....	1,558,000	do.....	
1889.....	1,352,000	do.....	
1891.....	100,001	2½ cents per line and 25 per cent.....	
1895.....	375,886	1 cent per line and 15 per cent.....	
1896.....	332,210	do.....	
1897.....	259,278	do.....	
1899.....	24,239	1½ cents per line and 15 per cent.....	
1900.....	36,262	do.....	
1901.....	75,792	do.....	
1902.....	423,640	do.....	
1903.....	468,743	do.....	
1904.....	156,775	do.....	
1905.....	172,101	do.....	
1906.....	133,587	do.....	
1907.....	164,154	do.....	
1908.....	92,629	do.....	0.5798
1909.....	87,205	do.....	.6900
1910.....	107,046	do.....	.7722
1911.....	100,112	do.....	.6289
1912.....	64,605	do.....	.6497

BRIEFS SUBMITTED BY PEARL BUTTON MANUFACTURERS.

WASHINGTON, D. C., January 30, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee:

We address you in the interest of the pearl button manufacturers, who make pearl buttons from shells found in the rivers and lakes of the Central West and Southern States.

Previous to 1890, there were no staple pearl buttons made in America, as the low rate of duty, which was 25 per cent ad valorem, did not allow us to compete with imported buttons.

The McKinley tariff placed a specific duty on pearl buttons, without which it would have been impossible to successfully manufacture pearl buttons in America. The present tariff shows a reduction of 40 per cent on both specific and ad valorem rates, compared with the McKinley tariff.

Under the present rate of 1½ cents per line specific and 15 per cent ad valorem, the industry has made great progress, employing thousands of people, and utilizing a product, hardly known to exist previous to 1890.

The button factories now consume between 50,000 and 60,000 tons of fresh-water shells per year, giving employment to shell diggers, who gather the shells from the river beds, to transportation companies, who haul the shells to the factories, and thousands of employees in the button factories, all of whom earn good wages, in localities where otherwise it would be difficult to obtain steady remunerative employment.

By the use of improved machinery, better methods of manufacturing, and keen competition the price of these buttons has been gradually reduced until they are now selling at less than one-half the former price, while wages have advanced 40 per cent, and raw material which was of no value, to \$30 per ton for the better grades.

It is absolutely necessary that a specific duty be maintained, as even a high ad valorem rate would allow the importation of cheap grades from Europe and Japan, which would seriously interfere with our industry.

This Japanese competition is a menace, which if allowed to develop through a change in tariff, will make it impossible to pay the present high rate of wages.

A peculiar condition of the pearl button industry is that the entire shell composing the raw material must be worked up at the first operation; therefore, if we attempt to fill an order for first-quality goods, we must manufacture, or partly manufacture, nearly twice the quantity of low grades, which are slow of sale.

PARAGRAPH 427—BUTTONS.

The Japanese and Austrians with cheap grades of shells, could put on the market in this country finished buttons, sewed on cards, for a little more than we pay for the first operation.

Therefore if specific duty is removed, the Japanese and Austrian goods would take the place of our cheap buttons, and we could not operate against this competition.

The pearl button industry in America has several million of dollars invested in plants and special machinery—worthless for anything but manufacturing pearl buttons—and have up-to-date appliances and sanitary conditions.

The Japanese or Austrians, being skilled hand workmen, can start manufacturing pearl buttons with the investment of a few dollars, and can build himself a simple lathe, worked by foot power, and with such a machine can make the finest quality of goods with minimum waste.

The wage scale in some of our factories is higher than that paid in any other industry where equal skill is employed.

We call your attention to the fact that the Wilson tariff allowed us a specific rate on pearl buttons.

In conclusion, we respectfully request, on behalf of the fresh-water-pearl button manufacturers, that the present compound rate of duty be maintained.

HARVEY CHALMERS & SON, *Amsterdam, N. Y.*,
By EDWARD COOPER.

THE VIENNA PEARL BUTTON MANUFACTURING CO.,
Muscatine, Iowa,

By D. A. WILLIS, *Secretary.*

(Representing fresh-water-pearl button manufacturers.)

SUMMARY.

A great industry has been developed by utilizing a former worthless material, namely, fresh-water shells.

Employment given to thousands of people.

Wages exceed those paid in any other industry requiring equal skill.

Special machinery installed at high cost, worthless for any other purpose.

Impossible to produce first-grade buttons without producing many inferior grades, slow of sale.

The life of this industry depends absolutely on a specific rate of duty, and if it is removed the industry will be destroyed.

PEARL BUTTONS.

INTERNATIONAL BUTTON CO.,
Rochester, N. Y., January 23, 1913.

Hon. HENRY G. DANFORTH,
House of Representatives, Washington, D. C.

DEAR SIR: We have your favor of the 20th and are preparing a statement for the Ways and Means Committee as suggested.

As we mentioned in our previous letter, an association will present our views in regard to the pearl button question, but we trust that if you can bring any influence to bear on this you will do so. Our line and the most important line of pearl buttons is the small button such as is used on men's soft shirts. These are fairly well protected now by a combination specific and ad valorem duty. However, we take the liberty of citing an instance which will show what is likely to happen to a greater extent should the tariff be lowered. The facts are as follows: "About seven or eight years ago, we began making pearl buttons from a shell known as trocha shell, which at that time was worked only in Europe. By means of improved methods we found that we were fairly well able to compete with the European manufacturers and worked up quite a business on this line. About three years ago the Japanese began to manufacture these goods and gradually entered this market, so that we were compelled to quit this end of the business entirely, in spite of the fact that the duty the Japanese were forced to pay on this article amounted to fully 100 per cent. They are to day selling a certain size of this button in Japan for approximately 23 cents per gross in our money, whereas when we were making these goods we actually paid from 18 to 21 cents per gross for only the first operation of the dozen or more opera-

PARAGRAPH 427—BUTTONS.

tions required to complete the button, to say nothing of the cost of the material, cards, boxes, etc.

If you can bring these facts to the attention of any members who may be interested, we trust you will do so, as to-day in our line it is the Japanese that is to be feared more than the German or Austrian.

Yours, very truly,

INTERNATIONAL BUTTON CO.,
Per E. SHAUTZ, Secretary.

BRIEF OF PIONEER PEARL BUTTON CO., POUGHKEEPSIE, N. Y.

POUGHKEEPSIE, N. Y., February 13, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We respectfully request the retention of the present tariff on pearl buttons by your honorable committee, in order that the invested capital be justly protected, as well as the present interests of those employed be maintained.

To more fully familiarize your honorable board with the reasons for the maintenance of the existing tariff, which is 1½ cents a line specific and 15 per cent ad valorem, we cite the following facts:

Prior to 1890 the manufacture of staple pearl buttons was not attempted, owing to the lack of a protective duty and the further knowledge that, owing to the importation of foreign goods, it would be impossible to compete in our home markets.

Many attempts were made by our organization, then an unknown factor, but later styled as the Boepple Button Co., to manufacture pearl buttons from the mussel shells gathered in the rivers of this country, but in each instance the attempt to market them at merely a slight profit met with failure, owing to the low price of the imported buttons.

Ultimately, through the adoption of the McKinley tariff, placing a specific duty on pearl buttons, the domestic product was permitted an opportunity for sale in the home market, and its manufacture has made constant advance, so that at this time we find that employment is given to 11,800 men and 4,400 women in its manufacture and distribution from the period of the gathered shell to the finished product.

In addition thereto it is very conservatively estimated that 4,800 men are employed in the gathering of the shell five months annually, which is during the open river season, and many more in its handling, etc.

The scope of its manufacture has so largely increased as to cover the States of Iowa, Illinois, Tennessee, Alabama, Kentucky, New York, New Jersey, Ohio, Michigan, Missouri, Indiana, and other States.

The invested capital in building and equipment aggregates \$3,000,000.

The profit paid upon this capital for the past five years will not exceed 7 per cent, unfortunately this condition being due to the extreme competition existing in the industry.

Sufficient strides have been made in improved machinery to make the working conditions of the employees very favorable, and the wages paid for unskilled labor admittedly very good, the average for men running about \$14.20 per week and female labor at \$7.80 weekly.

As a comparison of wages in foreign countries, where pearl buttons are made, such as England, Germany, Austria, Italy, and Japan, we cite England, where the best wages are paid, as affecting a given task in this country:

	United States.	England.
Average weekly working hours.....	55	60
Average weekly earnings:		
Laborers.....	\$10.50	\$4.50
Blank cutters.....	14.20	8.75
Female—		
Operators.....	7.60	2.80
Sorters.....	8.00	3.00
Packers.....	7.00	3.00
Sewers.....	(1)	(2)
Bookkeepers.....	18.00	6.00
Office (clerical help).....	7.50	4.00
Polishers.....	16.00	7.00

¹ 1½ cents per gr.

² One-half cent per gr.

PARAGRAPH 427—BUTTONS.

It is apparent from the above that the material difference between the countries is sufficiently great to cause the necessity of vast retrenchment in our business policy; also the evident necessity for a lower wage than our employees now command, etc., in order to maintain our present position in the country's market should any reductions in tariff be made.

It will undoubtedly be interesting to your committee to know that despite the many advances in wages, and other material advances in recent years, the finished pearl button sells at prices 40 per cent less than were commanded 10 years ago, and 20 per cent less than the prevailing prices in 1907, all being due to the many strides in improved machinery, methods of operation, etc.

Thanking you for your indulgence to this brief, and begging your kindest consideration, we are, respectfully,

PIONEER PEARL BUTTON Co.
A. S. GARLAND, *Secretary*.

BRIEF OF APPELBEЕ & NEUMAN, NEW YORK, N. Y.

NEW YORK, *February 5, 1915.*

E. W. TOWNSEND, Esq.,
246 Upper Mountain Avenue,
Upper Montclair, N. J.

DEAR SIR: As a resident of upper Montclair, I am taking the liberty of asking you to interest yourself on behalf of the pearl-button manufacturers in this country in the pending tariff legislation.

It would give me great pleasure to have the opportunity of talking to you, if only for a few minutes, on this subject, as I feel that so much more could be accomplished in a short conversation than can be done in writing. There are some very important features, however, which I should particularly like to call your attention to in regard to the possible reduction of tariff on pearl buttons.

Japan is exporting \$1,000,000 worth of buttons a year, which now go to Europe. One of the countries in Europe where pearl buttons are largely manufactured is France. France, in self-defense, has put a tariff on pearl buttons of about 40 per cent to 50 per cent. I think you will readily see that if it is necessary for an European nation to protect itself so heavily against Japanese labor that the United States surely needs infinitely more.

These goods are not of a character that permits of a very large amount of work being done by mechanical process. A very large percentage of the cost of the finished article is labor, and the prices at present ruling in this country do not allow of more than about \$16 a week for the highest-class labor employed in the work.

There are certain kinds of pearl buttons even now being imported into this country from Japan on which the shell cost is smaller than average and the labor cost greater than average. With a very slight reduction in the tariff it will give opportunity for a very wide range of buttons to come into this market and deprive thousands of workmen of the opportunity to earn a living.

I have personally been through a number of factories in Japan and am quite familiar with the conditions that prevail there. We have not only to take into consideration the low wages for which a man will work in Japan, but the fact that women will work for almost nothing, and even children are employed also and under such circumstances as could not possibly be tolerated in an American city.

This is a comparatively small industry, but it employs quite a few thousand people who are working hard to make a very modest living, and it is my honest opinion that this industry can not stand any reduction in tariff without throwing a very large number of these people entirely out of work.

Yours, respectfully,

F. C. APPELBEЕ.

BRIEF OF PEARL BUTTON WORKERS UNION NO. 14077, NEW YORK, N. Y.

Tariff on pearl buttons.

NEW YORK, N. Y., *January 23, 1913.*

To the Honorable Committee of Ways and Means, House of Representatives:

GENTLEMEN: The following respectfully presented on behalf of members of the Pearl Button Workers Union No. 14077, New York City and vicinity, American Federation of Labor, employed exclusively in the finishing of pearl buttons, and who repre-

PARAGRAPH 427—BUTTONS.

sent about 3,000 skilled workmen engaged in this branch of the pearl-button industry in New York city and vicinity.

There may be submitted to the Ways and Means Committee memorials for reducing duty on manufactured pearl buttons on the plea that pearl buttons are a luxury whereas they are a necessity. The wages paid to employees in this industry in this country average about \$9 a week at 10 hours labor.

To reduce duty on pearl buttons would take away whatever protection we have at the present time and ruin the pearl-button industry in this country.

We therefore, in the interest and for the protection of workmen engaged in this industry, respectfully petition your honorable committee that the present import duty on pearl buttons be not removed.

Respectfully yours,

HENRY KURZ, *President.*

NICODEMUS GROLICH, *Secretary.*

UNITED OCEAN PEARL MANUFACTURERS' ASSOCIATION,

Arlington, N. J., January 7, 1912.

HON. EUGENE KINKEAD,

House of Representatives, Washington, D. C.

DEAR SIR: In considering the new tariff bill which the Ways and Means Committee will, no doubt, offer, we would like to call your attention to the pearl-button industry in this country.

The tariff on this article at present, while not protecting us on all kinds and sizes, yet it is about sufficient for the industry to exist. There are about 125 manufacturers, employing from 6 to 100 people, giving employment to perhaps seven or eight thousand people. The profits are not large, nor have any of the manufacturers accumulated a fortune.

We do not ask for any additional duty, but beg your interest in having the present tariff maintained.

Appreciating your kind consideration in the matter, we remain,

Yours, very truly,

UNITED OCEAN PEARL MANUFACTURERS' ASSOCIATION,
J. R. O'CONNOR, *Secretary.*

TESTIMONY OF GUSTAV BLUMENTHAL, OF B. BLUMENTHAL & CO., NEW YORK CITY.

The witness was duly sworn by the chairman.

Mr. BLUMENTHAL. Mr. Chairman and gentlemen—

The CHAIRMAN. Will you tell me what paragraph you are speaking on?

Mr. BLUMENTHAL. Four hundred and twenty-seven and four hundred and forty-eight.

The CHAIRMAN. All right. Proceed.

Mr. BLUMENTHAL. Besides representing my own firm, B. Blumenthal & Co., New York, I represent the following importers: Bailey, Green & Elger; Dieckerhof, Raffloer & Co.; Strauss Bros. & Co., all of New York. We four importers probably import more than half of the total quantity of buttons imported in the United States.

Mr. HARRISON. Are you speaking of all kinds of buttons, Mr. Blumenthal?

Mr. BLUMENTHAL. I am talking of all kinds of buttons; yes, sir.

The rates of duty, excluding pearl buttons, are higher under the present tariff than they have been under any previous tariff. The importations of buttons have dwindled down to less than a million dollars on an average for the past years. The export of buttons for the fiscal year ending June 30, 1912, has been \$720,000.

Mr. HARRISON. What kind of buttons were those exported?

PARAGRAPH 427—BUTTONS.

Mr. BLUMENTHAL. It is impossible to know what kind they are. I have tried to find out and they are not separated, and they can not give me any information on the subject.

Mr. HARRISON. I do not see how this committee could deal with the button subject as a whole. There are about 10 different classes of buttons, of different varieties.

Mr. BLUMENTHAL. That is just one point I am going to come to—the question of simplifying that schedule. That is just where the trouble is.

Mr. HARRISON. I do not want to interrupt you, but I would like to follow your argument, and I can not do so on account of the many different kinds of buttons.

Mr. BLUMENTHAL. I am a general importer of buttons. I might say right here—I was going to inform you later—I am also interested in manufacturing, but I am talking now from the side of the importers of buttons.

As I stated before, the average importation of buttons during the past years has been less than \$1,000,000 per annum. The exports for the past year, ending June 30, 1912, have been \$720,000. The domestic production, according to the census of 1910, has been \$22,700,000.

I hardly think it is necessary to say much more to show that the present rates of duty are prohibitive and should be reduced.

It is impossible to obtain the exact ad valorem rate of duty on buttons imported. There are quite a few buttons that pay duty under paragraph 488, the jewelry paragraph, and which pay 85 per cent ad valorem duty. These are not separated from other goods imported under that paragraph, and therefore it is impossible to get the exact average rate, but buttons imported under paragraph 427 for the year ending June 30, 1911, paid an average ad valorem rate of duty of 52.5 per cent. For the year ending June 30, 1912, I think it is 48.5 per cent. If the buttons that were imported previous to 1890—that is, previous to the McKinley bill—if the prices of those buttons on the other side were the same now as they were then I think that the average rate of duty would be 150 per cent to 200 per cent, but, of course, the rates of duty that have existed since that time are prohibitive.

But the main question and the main argument I want to bring before you is to simplify the button schedule. In paragraph 427 you have seven different rates of duty for an importation amounting to less than \$1,000,000 per year, and it seems that in the preceding tariff that any manufacturer that was dissatisfied even with the small importation in his particular line that existed at that time requested and had inserted some special provision which even prohibits that small importation at the present time, but not even satisfied with those seven provisions and subdivisions that are in paragraph 427 there was inserted for the first time in any tariff bill the words, "Dress buttons" under the jewelry paragraph, so that to-day we import buttons of this kind [indicating]. This button pays three-quarters of a cent a line and 15 per cent. That same button, simply because it is a different size and happens to cost a little more, is 85 per cent duty.

PARAGRAPH 427—BUTTONS.

Mr. HULL. How many buttons in a line?

Mr. BLUMENTHAL. There are 40 lines to an inch. The button has nothing to do with it. Forty lines to an inch.

On this button [indicating] the rate of duty is three-quarters of a cent a line plus 15 per cent ad valorem, which equals an ad valorem rate of 47 per cent. This size here, of the very same button, pays 85 per cent. This pays 47; this pays 85; the same button in a different size.

Now, this button [indicating], because it has a little figure on the middle and really costs less to manufacture than this one [indicating] pays 45 per cent ad valorem, and this one [indicating] pays 85 per cent ad valorem. In other words, I am showing you here four buttons, and they pay three different rates of duty, and they are all gilt buttons.

Mr. HAMMOND. I do not understand that ratio. You say 40 lines to an inch. Can you explain it a little more fully?

Mr. BLUMENTHAL. You take a button that measures 1 inch, and the specific, say, 1 cent a line, would be 40 cents; it would pay 40 cents specific duty, no matter what the value was.

Mr. HAMMOND. How many buttons?

Mr. BLUMENTHAL. Per gross.

Mr. HAMMOND. Per gross?

Mr. BLUMENTHAL. Yes, sir.

Mr. PALMER. The large button comes in under the jewelry paragraph?

Mr. BLUMENTHAL. The minute they cost more than 20 cents a dozen—and buttons are not sold by the dozen; buttons are sold by the gross. A button at \$2.40 a gross, in the class of goods we used to import—we are importing rather few at the present time—is a medium-priced button. In other words, all goods costing on the other side more than \$2.40 a gross pay 85 per cent duty; that is, metal buttons and fancy buttons of that kind. There are other duties, 3.25 cents and 15 per cent, and all kinds of duties.

As I said before, for an importation of less than \$1,000,000 you have eight different rates of duty, and it is absolutely necessary for the customhouse to look at every style of button that is imported to see what rate of duty they should pay.

Mr. HAMMOND. I do not like to interrupt you again, but there are several of us who do not understand what is meant by the line of buttons there being one-fortieth of an inch. What is the significance of the word "line" as a button measurement?

Mr. BLUMENTHAL. In order to demonstate what a line is, they say a line is one-fortieth of 1 inch.

Mr. HAMMOND. That is what the statute says.

Mr. BLUMENTHAL. This button here [indicating] perhaps is a 14-line button.

Mr. HAMMOND. What do you mean by that?

Mr. BLUMENTHAL. It measures 14 lines, according to the button there. They are measured just like ribbon.

Mr. HAMMOND. If it is a 14-line button, does that mean it is fourteen-fortieths of an inch in width?

Mr. BLUMENTHAL. Yes, sir.

PARAGRAPH 427—BUTTONS.

Mr. HAMMOND. Approximately?

Mr. BLUMENTHAL. Yes, sir.

Mr. HAMMOND. Then if it is a 40-line button, the diameter of the button is 1 inch.

Mr. BLUMENTHAL. Exactly. This is a 40-line button. That button, irrespective of what the price of the button is, pays 40 cents duty. If that button costs on the other side \$1, it would pay 40 cents specific duty plus 15 per cent ad valorem. If the button costs 20 cents, it would still pay 40 cents specific duty. This is a 40-line button. It is 1 inch in diameter.

Although I am interested in the manufacture of pearl buttons, the manufacturers and importers whom I represent agree as to the situation with respect to this particular branch of the button industry. Others who will probably appear before you are likely to develop this matter more at length, and we concur in the view that it is advisable to retain a specific duty on pearl buttons. Exclusive of pearl buttons, however, we suggest a flat ad valorem rate of duty covering all buttons.

I think that covers your inquiry, Mr. Harrison.

Mr. HARRISON. Pearl buttons are worth 3 cents per line gross, and all the other buttons are a good deal cheaper, all the way down to nickle-bar buttons, which are only worth one-tenth of a cent per unit of value. What is it that makes you select the pearl buttons from all the others for a specific rate? Is it because it is of so much higher value?

Mr. BLUMENTHAL. No, sir; there are reasons in the manufacture. I will come to that later if you will allow me, or I will explain it now. But there are manufacturers of pearl buttons here who will probably be able to explain that more fully. As I told you before, and I wish to tell you right now, I am interested in the manufacturing of pearl buttons, and I think I will convince you—I might as well show it to you now—as to the manufacturing of pearl buttons. It does look strange, being interested in the manufacturing of pearl buttons, I will admit, that I should ask a specific duty on that class of goods, but besides myself I represent three importers who do not manufacture, and I have a letter here from a fourth importer, or a fifth importer, a very large importer, who also coincides with our views that a specific duty is necessary. If you make a thousand gross of this button [indicating] you do not have to manufacture anything else, but you can make 1,000 gross of that button and produce it like any other product that is made. If you want to make 1,000 gross of a quality of pearl buttons you have to cut up this whole shell in order to get that 1,000 gross. In other words, you would have to produce 2,000, 3,000, or 4,000 gross of buttons in order to get that 1,000 gross of this quality.

Mr. HARRISON. Is that all imported, or is that shell native?

Mr. BLUMENTHAL. The shell is imported. The shell is foreign—free of duty.

Mr. HARRISON. All of your raw material is imported, and all free of duty?

Mr. BLUMENTHAL. You are asking about shell. A great deal of the raw material is found in this country.

PARAGRAPH 427—BUTTONS.

Mr. HARRISON. Are pearl and shell buttons two different species of buttons?

Mr. BLUMENTHAL. No, sir; they are the same. I suppose that covers the same. There is a pearl button and there is a shell button.

Mr. HARRISON. Are there any shells found in this country from which buttons are made?

Mr. BLUMENTHAL. A great many.

Mr. HARRISON. The Mississippi River country has a great industry in that?

Mr. BLUMENTHAL. Yes.

Mr. HARRISON. So that they are not all imported?

Mr. BLUMENTHAL. No; the raw material is not imported—certainly not.

Mr. HARRISON. It is all on the free list?

Mr. BLUMENTHAL. It is all on the free list. In order to show you that the manufacturing of pearl buttons is entirely different from any of the manufacturing of any other buttons I have had these blanks cut out of this shell [indicating] and it looks perfectly white on the face, but after the button is turned and the pattern put on you will find that the shell is yellow, and that is what I meant when I said that if you get an order for 1,000 gross of buttons you have to turn out 2,000 or 3,000 gross of buttons in order to produce the 1,000 gross that you want.

Mr. KITCHIN. You manufacture that kind of button, do you not?

Mr. BLUMENTHAL. I do not. I am interested in the manufacture of the Sweet Water goods that are made in Muscatine, Iowa.

Mr. KITCHIN. You think that kind of a button which you manufacture ought to have a specific duty?

Mr. BLUMENTHAL. I think the nature of the pearl-button industry is such, and on account of Japanese competition, which is growing daily, it is probably advisable to have a specific duty on pearl buttons.

Mr. KITCHIN. Then you want an ad valorem duty on the buttons which you import?

Mr. BLUMENTHAL. It does sound strange.

Mr. KITCHIN. It looks a little strange to me. That is the reason I asked you.

Mr. BLUMENTHAL. It is a little strange, I admit it, and I naturally foresaw what impression I would make by asking these two rates of duty.

Mr. KITCHIN. That is the reason I asked you. I knew you had some reason for it, and that is the reason I called your attention to it. I thought you wanted a specific duty on the buttons you manufacture and an ad valorem duty on the buttons that all others manufacture.

Mr. BLUMENTHAL. It just happens that I am interested in a small degree in the manufacturing of buttons—in the manufacturing of pearl buttons. There are gentlemen who will know more about it. I do not attend to the manufacturing, but there are some manufacturers here who will probably explain the matter more fully than I am able to do. I have not been in Muscatine for the last four or five years.

PARAGRAPH 427—BUTTONS.

The CHAIRMAN. Leaving out pearl buttons entirely, if we put an ad valorem rate of duty on all other buttons, what rate do you suggest?

Mr. BLUMENTHAL. Twenty-five per cent.

Mr. KITCHIN. What rate would you suggest for the buttons that you make?

Mr. BLUMENTHAL. Pearl buttons?

Mr. KITCHIN. Yes.

Mr. BLUMENTHAL. I am not thoroughly posted on that question, because it is a large industry.

Mr. KITCHIN. That would sort of come under the line of luxury, and therefore it ought to bear a higher duty than the ones you make?

Mr. BLUMENTHAL. The pearl buttons?

Mr. KITCHIN. Yes.

Mr. BLUMENTHAL. The pearl button is not a luxury.

Mr. KITCHIN. And therefore it ought to have a low duty?

Mr. BLUMENTHAL. No, sir. The pearl button, as I wish to explain to you, you have to manufacture all grades of pearl buttons in order to utilize the shell.

Mr. KITCHIN. What rate would you say ought to go on the kind of buttons you are manufacturing? I know you have suggested what ought to go on the kind of buttons that you are importing. What rate of duty do you think ought to go on the kind of buttons you are manufacturing?

Mr. BLUMENTHAL. I am not ready to state that, because I am so little interested in the manufacturing of pearl buttons, and after you have heard the gentlemen—and it is a very debatable question what the rate should be—I will leave it to you gentlemen to decide what is proper. The pearl-button industry is a large industry, and I do not know what rate to suggest that would reach the case.

Mr. KITCHIN. I thought you might give us a suggestion of what you thought a proper rate.

Mr. BLUMENTHAL. No, sir.

Mr. HILL. Mr. Blumenthal, on what ground do you come before the committee and say that you have no suggestion to make as to what you manufacture, but that you have a suggestion to make as to what everybody else's manufactures should come in at? In other words, you are getting 64 per cent on pearl buttons, and you suggest 25 per cent on all other buttons. By what course of reasoning do you reach that conclusion?

Mr. BLUMENTHAL. By the very simple reasoning that if the domestic production is \$22,000,000 and the imports are only \$1,000,000, then the duties are prohibitive. And more than that, I mean to say that if the present duties were maintained, in 10 years from now the importation of buttons would decrease to \$100,000, and probably the domestic production would be \$35,000,000. If that is satisfactory to the gentlemen who are framing this new law, it probably is satisfactory to me also.

Mr. HILL. I may be mistaken. I ask you for that reason, that it looked to me as though you wanted it coming and going. You want your duty kept at 64 per cent on pearl buttons, which you manu-

PARAGRAPH 427—BUTTONS.

facture, and you want the duty cut to 25 per cent on the buttons that you import?

Mr. BLUMENTHAL. Excuse me, I did not make any rate of duty on pearl buttons.

Mr. HILL. But you suggested that it be kept at a specific duty and had no suggestion to offer for the reduction on the kind you manufacture. There must be some process of reasoning by which you reach that conclusion.

Mr. BLUMENTHAL. Yes, sir; I think I am able to say that the general line of imported buttons, outside of pearl buttons, if the duty was materially reduced, that a certain amount could be imported, but that the domestic manufacturer would be able to compete in almost every line.

Mr. HILL. Mr. Blumenthal, do you not know that there are a great many silk buttons imported on which there is a very high duty on the material out of which they are made? Do you not know that there are a great many woolen buttons or woolen-covered buttons imported on which there is also necessarily, by reason of the duty on wool and the manufacturing duty, a very high duty?

Mr. BLUMENTHAL. Excuse me, I do not believe there were \$10,000 worth of those woolen buttons imported.

Mr. HILL. Do you not know that there are a great many button forms and blanks made from cloth and imported on which there is a 10 per cent duty on the raw material?

Mr. BLUMENTHAL. Not such a very large amount.

Mr. HILL. Oh, yes; considerable. Do you not know that a metal button is imported, a great many metal buttons are imported, on which the duties are not nearly as high?

Mr. BLUMENTHAL. As nearly as high as what?

Mr. HILL. As nearly as high as the silk or woolen buttons. Do you think it is fair to the button manufacturers of this country, with an industry of \$22,000,000, to put them all on an equal basis and leave the pearl buttons made from a product fished out of the rivers of the West on a 64 per cent duty? I am not justifying either duty, but do you think it would be fair that this committee should carry out your proposition just as you submit it now?

Mr. BLUMENTHAL. I will answer that first of all. You say that there were a great many metal buttons imported?

Mr. HILL. Yes.

Mr. BLUMENTHAL. For the fiscal year ending June 30, 1912, metal not specially provided, there were \$14,641, and for metal embossed there were \$20,679. I will admit that there were some imported under the 85 per cent clause.

Mr. HILL. And there were glass buttons, \$138,000, eight times as much. Then, there were agate buttons, \$233,000, and they bore no relation to each other at all as to value or anything of the kind or as to the work of manufacture. Why should they all be put on an even basis of 25 per cent and the one particular class in which you are interested in the manufacture be left at 64 per cent?

Mr. BLUMENTHAL. Because anybody that knows the art of manufacturing pearl buttons will tell you that the manufacturing of pearl buttons is entirely different from any other button you can mention—

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glass buttons, silk buttons, metal buttons, or any other buttons. You can turn out 10,000 gross or 100,000 gross of a certain kind of silk button or metal button or any other button without producing any other quality. You will produce but a few seconds.

Mr. HILL. Do you think that there is uniformity in the manufacture of ivory, silk, glass, wool, and metal buttons?

Mr. BLUMENTHAL. Certainly not.

Mr. HILL. Then why should they be put on a uniform basis?

Mr. BLUMENTHAL. Because you have to do something to simplify this button schedule. You do not want eight different rates. If you want a different rate for every button you can keep it the way it is.

The CHAIRMAN. Let me reverse Mr. Hill's question. Is there any reason for us to maintain a separate schedule for each one of these sets of buttons? Do you know their difference in value? Is it fixed according to any difference in value or difference in the amount of labor, or anything of the kind?

Mr. HILL. That is what I was trying to get at.

Mr. BLUMENTHAL. I think you will find in the Wilson bill the only specific rate of duty was on pearl buttons, and everything else was an ad valorem rate of duty, and there must have been some reason for that.

The CHAIRMAN. I just desired to know why, with all these different rates in the various grades of buttons, as to whether it had been ever worked out to your knowledge—it has been in the law for some time—and I wished to know whether it was ever worked out to differentiate between the labor cost, or the cost of materials, or anything of that kind or whether it just grew up?

Mr. BLUMENTHAL. It grew up from the very source that I told you, that different manufacturers appeared before the different committees, that one of the clauses that was put in the present tariff bill was put in to cover uniform buttons, and if you will look at the hearings you will find that one or two different manufacturers complained that uniform buttons were being imported, and that is why this embossed-metal business was taken out of there and put in at a special rate, a special rate of 45 per cent. They did not so provide for all buttons, but they provided for metal buttons at 45 per cent.

Mr. HILL. Did I understand you to say that button schedule was raised in the last tariff?

Mr. BLUMENTHAL. I said that the present rates of duty, with the exception of pearl buttons, are higher than they were fixed in any other tariff.

Mr. HILL. There is the comparative tariff of the Dingley and the Payne laws [indicating]. If you will show me any change in any item of it I will be very glad.

Mr. BLUMENTHAL. The Dingley and the Payne laws?

Mr. HILL. Yes. That is the official document [indicating]. Each classification is put in parallel columns. Please show me which one was increased.

Mr. BLUMENTHAL. I did not say anything about any difference between the Dingley and Payne laws. The Dingley law was high enough.

PARAGRAPH 427—BUTTONS.

Mr. HILL. I am not asking you that. I am asking you if there was an increase in the present law over the former law?

The CHAIRMAN. If you will allow the chairman to save time, the chairman will state that the only difference in the law is that there is a provision for collar and cuff buttons, and studs composed wholly of bone or mother-of-pearl or ivory, which was fixed at 52 per cent.

Mr. HILL. That was not in the law before?

The CHAIRMAN. That does not appear to be in the law before.

Mr. BLUMENTHAL. It provides 45 per cent.

Mr. RAINEY. And put metal buttons, embossed and designed, in at 45 per cent in the Payne law, which was not in before?

Mr. BLUMENTHAL. That is right; and the 85 per cent clause.

Mr. RAINEY. And you put in fasteners or clasps in the Payne act, which were not in before, at 50 per cent?

Mr. BLUMENTHAL. And the 85 per cent clause. That is a very high one.

The CHAIRMAN. That is all.

Mr. BLUMENTHAL. I have a brief here I should like to submit.

The CHAIRMAN. Hand it to the reporter and it will be inserted in the record.

The brief referred to is as follows:

NEW YORK, January 28, 1913.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: We beg to call your attention to the urgent reasons for a revision of the present button schedule. Paragraph 427 of the present law provides:

"Buttons, or parts of buttons and button molds or blanks, finished or unfinished, shall pay duty at the following rates, the line-button measure being one-fortieth of one inch, namely: Buttons known commercially as agate buttons, metal trousers buttons (except steel), and nickel bar buttons, one-twelfth of 1 cent per line per gross; buttons of bone, and steel trousers buttons, one-fourth of 1 cent per line per gross; buttons of pearl or shell, 1½ cents per line per gross; buttons of horn, vegetable ivory, glass, or metal, not specially provided for in this section, three-fourths of 1 cent per line per gross, and in addition thereto, on all the foregoing articles in this paragraph, 15 per centum ad valorem; shoe buttons made of paper, board, papier-mâché, pulp, or other similar material, not specially provided for in this section, valued at not exceeding 3 cents per gross, 1 cent per gross; snap fasteners, or clasps, or parts thereof, by whatever name known, fifty per centum ad valorem; buttons of metal, embossed with a design, device, pattern, or lettering, forty-five per centum ad valorem; buttons not specially provided for in this section, and all collar or cuff buttons and studs composed wholly of bone, mother-of-pearl, or ivory, fifty per centum ad valorem."

A mere reading of this paragraph demonstrates the need of simplification.

We represent button importers handling more than half of the total quantity of buttons imported into the United States. This, to be sure, does not mean very much, for the importation of buttons during the past 20 years has decreased tremendously, while the domestic production has increased enormously. If we exclude pearl buttons the present rates of duties on buttons are higher than any in previous tariffs in our history, not excepting the McKinley bill. Prior to the McKinley bill the value of importations exceeded \$3,000,000 per annum. The total value of importations for the past few years average less than \$1,000,000 per year, or approximately one-third of the amount imported prior to 1890, over 20 years ago. On the other hand, the domestic production, according to the last census of 1910, amounted to \$22,708,000 annually, and at the present time, in our judgment, the value of the domestic output is not less than \$25,000,000. In other words, the domestic production is twenty-five times as great as the foreign importation. The export of domestic buttons has also increased yearly. For the year ending June 30, 1912, they amounted to \$723,784. For the current year we believe that they will almost equal the imports.

It is impossible to ascertain the exact average rate of duty assessed on buttons, as some of them are provided for under the so-called jewelry paragraph, 448. Here,

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under the concealed compound rates of this paragraph, they uniformly pay a duty of 85 per cent. The amount of buttons paying this particular rate of duty is not separated from the numerous other goods provided for in the same paragraph. But, excluding the goods imported under paragraph 448, the average ad valorem rates on goods imported under paragraph 427 for the year ending June 30, 1911, was 52 per cent, and for the year ending June 30, 1912, 48½ per cent. This average ad valorem rate may, however, be easily misleading. Under present conditions some of the rates in paragraph 427 are in effect prohibitive. If some of the buttons which were imported previous to 1890 could be imported now at the same prices the rate would average from 150 to 200 per cent, expressed in terms of equivalent ad valorem.

A critical study of the tables of button imports entered for consumption, published by the Department of Commerce and Labor, for the year ending June 30, 1912, is instructive. The total value of foreign imports is given at \$1,079,509.33. Many varieties of buttons are specially enumerated and not less than seven rates of duty are provided. The result is, as a study of the table shows, that the importations of some varieties of buttons, such as bone buttons and metal buttons especially, have become comparatively petty and insignificant. The explanation, of course, is that domestic manufacturers have succeeded in the past in securing what amounted to discriminating rates so as to virtually exclude the varieties of buttons in which they were especially interested. We submit that this discrimination should be wiped out. Some idea of the restrictive operation of the present schedule may be had when it is seen that of the total buttons imported for the year ending June 30, 1912, approximating in value \$1,000,000, buttons to the value of \$413,045 were "other buttons not specially provided for." That is to say, the value of such buttons not specially enumerated was about 40 per cent of the total quantity imported. These figures are typical of the conditions which have existed under the present tariff.

In addition to this it should be also borne in mind that, not being satisfied with these several different rates of duty specified in the button paragraph, the eighth rate of 85 per cent was inserted in paragraph 448, commonly known as the jewelry paragraph. The existing tariff for the first time contains the words "dress buttons" in the jewelry paragraph, and we trust that this anomaly will be eliminated from the new law. We believe there should be a flat ad valorem rate for all grades and varieties of buttons, save pearl buttons.

Although one of our number is, it is true, interested in the manufacture of pearl buttons in Muscatine, Iowa, we are all, manufacturer and importer alike, agreed as to the situation with respect to this particular branch of the button industry. This business is totally different from the manufacture of any other kind of button. In order to work up the pearl shell all qualities are produced, and it would be impossible to manufacture one quality without producing all the others. In fact, the goods are only graded and can only be graded after the blanks have passed through various processes of manufacture. An ad valorem rate would tend to flood this market with enormous quantities of cheaper grades of pearl buttons, the better grades under unfavorable tariff conditions being sold and consumed abroad. Others who will probably appear before you are likely to develop this matter more at length, but we concur in the view that it is advisable to retain a specific duty on pearl buttons.

Exclusive of pearl buttons, however, we suggest a flat ad valorem rate of duty covering all other buttons. Such a rate would greatly simplify matters both for the customs authorities and for the importers. On the large majority of metal, composition, bone, pressed horn, celluloid, and covered buttons, so-called fancy buttons, and the like, manufactured in this country we believe that without any duty whatever domestic manufacturers would be able to compete. The domestic manufacturer enjoys a natural advantage. The styles, sizes, and colors of many varieties change so swiftly that in many cases before the dealer in the imported article can supply the new demand the style is again changed. The domestic manufacturer has undisputed possession of much of this field. We are not, however, asking for buttons to be put on the free list. We are asking for a return to competitive conditions which we believe this committee seeks to restore. The general button provision in the act of 1883, exclusive of some grades of buttons, provided for a duty of 25 per cent. The Wilson Act of 1894, save as to pearl and shell buttons, provided ad valorem rates of 25 and 35 per cent. We would suggest except as to the pearl and shell buttons a flat ad valorem rate of 25 per cent in the new law. Under such a paragraph it is certain that the revenue would be increased to probably double the present amount, and at the same time enable the domestic manufacturers to continue their growth and development. If anything like the present rates are maintained we believe that during the next 10 years the importation of buttons will be less than \$100,000 per annum

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instead of over \$3,000,000 as it was prior to 1890. At the end of this same period we predict with some confidence that the domestic production will at least equal \$30,000,000 per annum. We would, therefore, respectfully submit elimination of everything relating to buttons in the present paragraph 448 and replace the present paragraph 427 with the language which will accomplish the following result:

“SUBSTITUTE FOR PRESENT PARAGRAPH 427, SCHEDULE N.

“Buttons or parts of buttons and button molds or blanks, finished or unfinished, shall pay duty at the following rates, the line-button measure being one-fortieth of 1 inch, namely, buttons of pearl or shell 1½ cents per line per gross, and in addition thereto 15 per cent ad valorem. Buttons not specially provided for in this paragraph, even if provided for in any other paragraph, 25 per cent ad valorem.”

Respectfully submitted.

B. BLUMENTHAL & Co.
BAILEY, GREEN & ELGER.
DIECKERHOFF, RAFFLOER & Co.
STRAUSS BROS. & Co.

TESTIMONY OF JULIUS HEIDEN.

The witness was duly sworn by the chairman of the committee.

Mr. HEIDEN. Mr. Chairman, I represent Rothschild Bros. & Co., in regard to buttons, and at the same time J. W. Schloss & Co., New York.

I intend to be as brief as possible. In regard to paragraph No. 426, which speaks about button material, I am perfectly satisfied with the present duty. However, I would like to have the duty reduced, if the buttons in paragraph 427 will be reduced. Of course, the reduction I will have to leave to you gentlemen how much you intend to make it. Now, in regard to paragraph 427, I wish to state there are a great number of buttons which are mentioned there which we do not handle at all, and naturally I have nothing to suggest in regard to them and I shall only mention these buttons which we are importing—either importing or buying in this country. Now, in regard to the pearl buttons, I wish simply to mention that the present duty is perfectly satisfactory.

Mr. HARRISON. Are you a manufacturer of pearl buttons?

Mr. HEIDEN. Absolutely not. I will give you the reason why in one moment. The reason is this: The industry has increased here in this country enormously, and besides that the business has adjusted itself to the new conditions which have been caused by the new industry.

Mr. HARRISON. They are the most valuable of all the kinds of buttons, are they not?

Mr. HEIDEN. They are staple goods which are used all the time. We have more expensive goods than that, however.

Mr. HARRISON. They are the most expensive class of buttons, are they not?

Mr. HEIDEN. Oh, no.

Mr. HARRISON. I do not refer to the silk buttons or fancy ornamental buttons, but the staple pearl buttons are the highest priced buttons with the exception of those, are they not?

Mr. HEIDEN. Yes; of the staple goods; that is correct.

Mr. HARRISON. Well, would you call them a luxury?

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Mr. HEIDEN. The fine goods I consider luxuries. The fine pearl buttons; yes. The cheap goods I would call necessities—the cheaper classes.

Mr. HARRISON. Well, the reason I asked you is that every gentleman who comes before the committee to speak on buttons, whether he is a manufacturer or an importer, is unanimously of the opinion that pearl buttons are entitled to a duty of 64 per cent, but that all other buttons ought to be on the 25 per cent basis.

Mr. HEIDEN. Well, I am not quite as bad as that. I do not ask you for 25 per cent. Now, the reason is simply this, that the pearl-button industry is a very peculiar industry, and the business is an exceedingly difficult one. For the last 15 or 20 years, since we have had the high tariff, the business has shaped itself in such a way that if you would make a change to-day it would take years before we would get a proper result again from it. Now, in regard to glass buttons, of which we are very heavy importers, I wish simply to say this: The present duty produces quite a large revenue, because the goods are in demand. The glass buttons are buttons of fashion.

If they are not in demand and you allow them to be brought into this country without any duty at all, they will not be imported, and if you reduce the duty a good deal on these buttons, which are not manufactured in this country at all, you simply deprive this country of a large revenue. They may be good for another year; maybe next year they are not worth 5 cents on a dollar. Now, in regard to the duty on metal buttons, this duty is a very complicated one, and very often the importers are in dispute with the customhouse officials because we simply do not know under what paragraph or what line these buttons should be imported. There is a continuous fight about it. If the line duty would be done away with and simply an ad valorem duty put on, it would be much more satisfactory for everybody.

Mr. HARRISON. Do you recommend any rate ad valorem?

Mr. HEIDEN. Yes; I recommend on all these metal buttons, no matter what line, no matter what paragraph, and no matter of what material, I recommend 40 per cent.

Mr. HARRISON. Did you say 40 per cent ad valorem?

Mr. HEIDEN. Yes. The same is the case to-day with horn buttons. They pay to-day 50 per cent. I am perfectly satisfied with 40 per cent. Forty per cent gives a chance to the importer to do what he pleases. If he finds the market is good for him in Europe, he will buy his goods in Europe. If he finds it is to his advantage to buy here, he will buy here. He can manipulate his business to much better advantage than at present. At present he is compelled to go to the home market, but if you bring it down to 40 per cent we can bring them in and compete very nicely. Now, one of the most peculiar paragraphs we have which, I think, brings at present a very large revenue, are the buttons not specially provided for. Under this buttons not specially provided for you have buttons made of celluloid, made of silk, and sick-crocheted buttons. Now, all these buttons pay 50 per cent. I would advocate a reduction on every one of those except the crocheted buttons, down to 40. The reason why I say you should make an exception of the crocheted button, which is a hand-made article, is that this is entirely an article of luxury.

PARAGRAPH 427—BUTTONS.

Furthermore, this is a button which is exceedingly dependent on fashion. There have been years when there has hardly anything been imported. In the last three years the fashion is in favor of crocheted buttons, and they are brought in in enormous quantities, and even if you would reduce the tariff to-day Europe could not produce the quantity which this country wants. We could use three times as much from Europe if we could get them, so the country would not be benefited by too large a reduction on this article.

Mr. LONGWORTH. Why do you ask that the duty be reduced at all under those circumstances?

Mr. HEIDEN. I do not ask it with regard to that. I say with this one item excepted. I say, leave the duty as it is.

Mr. LONGWORTH. I beg your pardon; I thought you advocated a reduction.

Mr. HEIDEN. No. Now, we come to paragraph 448, and this paragraph 448, which is really a jewelry paragraph, has the words "dress buttons" included. On account of that a great number of buttons have to pay 85 per cent. Now, this is simply a prohibitive duty which keeps out a great number of goods which could be imported here and which could be sold here in quantities. As it is at present, it makes this class of goods so expensive that even the rich buy them only by the dozen, and some people only by the piece.

Mr. HARRISON. What are dress buttons?

Mr. HEIDEN. In this paragraph, No. 448, it is really a jewelry paragraph, and they describe a lot of jewelry made of all kinds of material, and they use the phrase "and dress buttons."

Mr. HARRISON. And that causes a great many buttons, which ought to fall under the other classes and under a lower rate, to be taxed at 85 per cent?

Mr. HEIDEN. Yes.

Mr. HARRISON. How do they know that they are dress buttons? What does that signify?

Mr. HEIDEN. A dress button is any button that can be used for an ornament on a dress. That is the way it is described in the article. Now, these buttons I know positively if that tariff would be reduced down to 20 per cent they could be brought in in quantities and would give good revenue for the country. In fact, I would be in favor, as I stated before, of having an ad valorem duty on all goods, possibly except on the pearl buttons—on everything else right through.

Mr. HARRISON. That is exactly the statement another gentleman made here, who is also an importer and not a manufacturer, that he was in favor of ad valorem duties on all other kinds of buttons except pearl buttons, and that he was in favor of specific duties on them.

Mr. HEIDEN. The simple reason is, as I stated in the beginning of my remarks, that a reduction in the duty on pearl buttons would create a regular revolution in the button business.

Mr. RAINEY. Do you know anything about the pearl-button business?

Mr. HEIDEN. I am not a manufacturer; no.

Mr. RAINEY. Do you know anything about pearl buttons?

Mr. HEIDEN. Yes; I handle them.

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Mr. RAINEY. Well, I notice that for several years the importations of pearl buttons have been falling off.

Mr. HEIDEN. Yes.

Mr. RAINEY. In 1896 we brought in here \$332,000 worth of pearl buttons, and in 1905 we only brought in about half as much—a little over half as much—\$172,000 worth, and in 1910 we brought in \$107,000 worth, and in 1911, under the Payne tariff, we brought in \$100,000 worth, and last year we only brought in \$71,000 worth. What is the reason for the decrease in the importation of pearl buttons?

Mr. HEIDEN. Well, because the industry in this country is so enormous that we can do without the foreign goods.

Mr. RAINEY. Do you know what the production of pearl buttons in this country amounts to? Not in lines, but in values?

Mr. HEIDEN. No; I do not.

Mr. RAINEY. I notice in 1905 we produced nearly \$5,000,000 worth. I presume the production is increasing all the time.

Mr. HEIDEN. Oh, yes; decidedly.

Mr. RAINEY. But you have no idea what it is now?

Mr. HEIDEN. No. You can simply thank this to the protection of the industry, that these foreign goods are keeping out, and I think inasmuch as I heard only the other day that perhaps between 100,000 and 150,000 people are working at it, it should be continued.

Mr. RAINEY. Is not that entirely due, Mr. Heiden, to the fact that the pearl-button industry of Mississippi is comparatively a new industry?

Mr. HEIDEN. Yes.

Mr. RAINEY. And they have their raw material at hand and have built up an enormous industry there?

Mr. HEIDEN. Well, this is only a part of the value. The ocean pearl industry has increased enormously.

Mr. RAINEY. What kind of pearl buttons come in?

Mr. HEIDEN. What is still imported?

Mr. RAINEY. Yes.

Mr. HEIDEN. Mainly Japanese.

Mr. RAINEY. That is the ocean pearl?

Mr. HEIDEN. Yes.

Mr. RAINEY. You do not bring in any sweet-pearl buttons at all?

Mr. HEIDEN. No; they can not be imported.

Mr. RAINEY. On account of the fact that you make them here so much cheaper?

Mr. HEIDEN. Yes; they make them here.

Mr. RAINEY. Do you know of any combination in this country between the makers of sweet-pearl buttons?

Mr. HEIDEN. Have I heard of any combination?

Mr. RAINEY. Yes; by which they try to keep down the price of shells?

Mr. HEIDEN. No; I never heard of it.

Mr. RAINEY. And pay the fishermen to get the shells out of our western rivers much less than they did formerly—do you know anything about that?

Mr. HEIDEN. No; I never heard of it.

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Mr. RAINEY. How does it happen that all you gentlemen who come here advocate lower rates on all kinds of buttons except pearl buttons?

Mr. HEIDEN. Well, I am just telling you; if we would be compelled to go to the import business again——

Mr. RAINEY (interposing). That would be inconvenient?

Mr. HEIDEN. We would be compelled to lay in enormous, big stocks, and the end of it would be that the public would have to pay for it. As soon as you have to lay in big stocks you have to take a larger risk.

Mr. RAINEY. It is your sympathy with the public, is it?

Mr. HEIDEN. What?

Mr. RAINEY. It is your sympathy with the public that makes you want them to pay more for the pearl buttons than they otherwise would?

Mr. HEIDEN. Well, the advantage is for our business as well. You ask me how it is. I do not want to——

Mr. RAINEY. If you should bring in some sweet-pearl buttons, it would bring down the price of pearl buttons of that character in this country, would it not?

Mr. HEIDEN. Well, the sweet-pearl buttons are exceedingly cheap to-day.

Mr. RAINEY. It would make them still cheaper, would it not?

Mr. HEIDEN. I do not think so.

Mr. RAINEY. You do not think so?

Mr. HEIDEN. No.

Mr. RAINEY. Then what is the objection to bringing them in?

Mr. HEIDEN. The sweet pearls?

Mr. RAINEY. They do not yield any revenue now, do they?

Mr. HEIDEN. No, they do not.

Mr. RAINEY. Because they do not come in at all?

Mr. HEIDEN. No, they do not.

Mr. RAINEY. We might get some revenue if we would lower the tariff on them?

Mr. HEIDEN. Well, of course, you are right there, but at the same time if you know that that industry keeps a hundred to a hundred and fifty thousand people alive, these people consume something, and are a buying force.

Mr. RAINEY. But your interest is not in keeping 150,000 people alive; it is in making money for yourself, is it not?

Mr. HEIDEN. It is absolutely not my personal interest at all. That is true; correct.

Mr. RAINEY. Yes. Then, that is not the reason why you are opposed to putting down the tariff on sweet-pearl buttons because you want to keep all of these people alive, is it?

Mr. HEIDEN. No; but the reason is, as I stated before, that a change in the tariff would simply affect the button business, so that no importer would know for two years where he stood, and maybe more.

Mr. HARRISON. Have you anything further to say, Mr. Heiden?

Mr. HEIDEN. No; that is all.

Mr. HILL. A gentleman this morning testified, I think, that a gross of agate buttons was worth 29 cents import value, without duties, commissions, etc. That is about the correct figure?

PARAGRAPH 427—BUTTONS.

Mr. HEIDEN. Yes; that is about correct.

Mr. HILL. That was per gross, and the gentleman from Michigan inquired as to the increased cost of a garment by reason of the buttons that were on it, and he figured that that gross was 144 buttons. I understand that it is a great gross of 1,728 buttons. Now, which is correct? Twenty-nine cents for 1,728 buttons or 29 cents for 144 buttons—a small gross or a great gross?

Mr. HEIDEN. It is one gross.

Mr. HILL. But which is the correct cost, the cost for 144 agate buttons at 29 cents or 29 cents for 1,728 buttons, a great gross?

Mr. HEIDEN. Well, I can not tell you—can not answer that question correctly because I have had very little experience in agate buttons.

Mr. HILL. Oh, then, I will ask some other gentleman.

Mr. FORDNEY. I understand that when the gentleman used the words "great gross," he meant 1,728 buttons instead of 144; so that the point I was questioning him on, which was 21 cents duty on 144 buttons, would be $1\frac{1}{2}$ cents on a dozen buttons. Now, it is 1.2 mills on a dozen buttons. What I want you to understand is that he said, whatever the duties were, the wearer of that garment, the ultimate consumer, would get the benefit. Now, I want to know whether—if that is the difference—whether on a garment worth from one to three dollars the consumer will get 1.2 mills back on the price?

Mr. RAINEY. You want the tariff lowered on buttons included in paragraph 427?

Mr. HEIDEN. Yes.

Mr. RAINEY. You want them lowered?

Mr. HEIDEN. Yes.

Mr. RAINEY. And you import those buttons?

Mr. HEIDEN. Yes.

Mr. RAINEY. But you do not want it lowered in paragraph 426, under which the sweet-pearl buttons come in, I think; at any rate, you do not want them lowered?

Mr. HEIDEN. No.

Mr. RAINEY. Because that would disarrange your business?

Mr. HEIDEN. No; paragraph 426 is simply button material; nothing else. That is 10 per cent.

Mr. RAINEY. But at any rate you are willing to lower the tariff on all the buttons that you import, except pearl buttons, and you give as a reason for that position that that would disarrange your business, and you would not know where you stood, and the other importers would not know where they stood. Now, would it not disarrange your business just as much to lower the tariff on other buttons you bring in?

Mr. HEIDEN. No.

Mr. RAINEY. Well, why? Maybe we can find out something about pearl buttons if you can tell us why.

Mr. HEIDEN. Because the pearl-button industry, buttons which are now used, most of them, say 99 per cent of them, are domestic goods, manufactured here in this country. Of course, the shell does not come all from this country, and, like the ocean pearl, it is imported and comes from Australia or Tahiti.

PARAGRAPH 427—BUTTONS.

Mr. RAINEY. They manufacture the other buttons too, do they not?

Mr. HEIDEN. Yes; but I say the material is imported. These goods which are manufactured now here in this country we can buy them to suit ourselves, either in big quantities or in small quantities.

Mr. RAINEY. And at prices to suit yourselves?

Mr. HEIDEN. No, sir; we can not.

Mr. RAINEY. If they would bring some in, maybe the prices would suit you better.

Mr. HEIDEN. The American competition is exceedingly keen, and it keeps down the prices to the very lowest level. No manufacturer can come to us and ask for a big price, because it would be foolish on his part to do it.

Mr. RAINEY. The importations could not bring them to any lower level, then, if they are at the very lowest level. Then the importations could not get them lower, could they?

Mr. HEIDEN. No doubt.

Mr. RAINEY. Then what is the objection to bringing them in?

Mr. HEIDEN. Because at present we do not need to carry these stocks, as we will be compelled to do if we have to import the goods.

Mr. RAINEY. You will have to have bigger stocks?

Mr. HEIDEN. Yes; when we import the goods.

Mr. RAINEY. When you import them?

Mr. HEIDEN. Yes.

Mr. RAINEY. Would you not have to have bigger stocks of the other buttons too, if you imported them? Is there anything peculiar about pearl buttons that makes that true only as to them?

Mr. HEIDEN. On the fancy goods we get a better profit than on the pearl buttons. The profit in pearl buttons is comparatively very low.

Mr. RAINEY. Then you do not want the tariff lowered because the profit on pearl buttons is so low already, is that it?

Mr. HEIDEN. Yes, sir.

Mr. HARRISON. What do you pay per gross—

Mr. HEIDEN (interposing). That is one of the reasons. There are several reasons, too.

Mr. HARRISON. What do you pay per gross for sweet-water pearl buttons at the factory in this country?

Mr. HEIDEN. Oh, we pay about—on an average of about 40 cents or 45 cents.

Mr. HARRISON. Well, how does that compare with the import price per gross before the duties are paid?

Mr. HEIDEN. We do not import them at all.

Mr. HARRISON. Now, I ask you about ocean-pearl buttons. What is the price per gross of ocean-pearl buttons at the factory here?

Mr. HEIDEN. Well, the question is of the different qualities, you know. There are so many different qualities and different grades. It is about a difference, you may say, a button which you pay here 75 cents a gross for you can buy on the other side for 45 cents.

Mr. HARRISON. Is that the highest-priced ocean-pearl button?

Mr. HEIDEN. No; the one I mention is one button which is a very staple article, which is sold in quantities.

PARAGRAPH 427—BUTTONS.

Mr. RAINEY. Have you any objection to giving us the names of the sweet-pearl-button factories in which you own stock?

Mr. HEIDEN. Not at all. There is not one factory in which I own stock. I would be very glad if I did.

Mr. RAINEY. I mean your firm.

Mr. HEIDEN. No; none whatever.

Mr. RAINEY. Your wife owns some of it, then?

Mr. HEIDEN. I haven't got a wife.

Mr. HARRISON. That is all. Thank you very much, Mr. Heiden.

The brief of Rothschild Bros. Co. follows:

BRIEF SUBMITTED BY ROTHSCHILD BROS. CO., NEW YORK CITY, N. Y., ON THE
SUBJECT OF BUTTONS.

NEW YORK CITY, January 27, 1913.

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: We present herewith a summary of the arguments and suggestions we intend presenting before the Committee on Ways and Means. We are interested, in the tariff as importers and jobbers of buttons and will discuss paragraphs 426, 427, and 448 of Schedule N.

Paragraph 426.—There can be no just criticism of this paragraph as its relationship to paragraph 427 is correct—that is, a button of which the cover is imported at a 10 per cent rate and the finishing process completed here, can be sold at about the same price as a finished button imported with 50 per cent duty. Paragraph 426 should therefore remain unchanged unless there should be a very decided change in paragraph 427.

Paragraph 427.—We do not handle agate buttons, trouser buttons, nickel bar buttons, buttons of bone, shoe buttons, nor glove buttons, as these are generally dealt in by notion houses, and can therefore give no information on these items. We will, however, consider in detail, all other types of buttons.

Pearl buttons.—The present rate of 1½ cents per line and 15 per cent ad valorem, seems to be a very equitable one. Pearl-button manufacturing has grown to be a very large industry in the last 20 years and it is only by imposing a fair duty that the American manufacturer can compete with goods produced by cheap foreign labor. Even as it is, pearl buttons are imported from Europe and Japan, which proves that the present amount of duty is not excessive.

Glass buttons.—The duty on glass buttons is not excessive. It is certainly not a protective tariff, as the glass button industry has never been able to flourish in this country. During periods of great demand as 1909 and 1912, domestic manufacturers have been able to do a fair business, but always at prices in excess of the foreign ones, and as soon as the demand has decreased, to a point where the foreign supply is sufficient, the domestic button has almost disappeared.

A decrease in the tariff would hurt only a few manufacturers and would not increase the imports. It would therefore seem best to leave the tariff on glass buttons substantially as it is.

Metal buttons.—The division of metal buttons into plain metal buttons paying duty at three-fourths of a cent per line and 15 per cent ad valorem, and embossed metal buttons paying 45 per cent ad valorem, is fallacious.

We believe that the division was intended to separate cheap buttons from expensive ones, so that the line duty would increase the protection on some very cheap foreign goods—but this result is not produced. An anchor button, or one stamped with a similar device, is just as easy and cheap to manufacture as an absolutely plain button—the only difference being in the cost of the die; and it is equally correct that a plain button finished without embossing, may be a very fine article.

Besides this, it has been found difficult in many instances, to decide whether a button is embossed or not. Several protests on this question are now pending before the Board of General Appraisers.

It would therefore seem best to place all metal buttons in one group.

A rate of duty of 40 per cent would about equalize the foreign and domestic costs of production, and we advocate this rate.

PARAGRAPH 427—BUTTONS.

Ivory and horn buttons.—The present rate of three-fourths of a cent per line and 15 per cent ad valorem is somewhat high, but helped to build up a big industry in this country. A duty of 40 per cent ad valorem would be sufficient protection and increase the importation.

Buttons n. s. p. f.—This includes celluloid, galalith, cloth covered, and crochet buttons as its most important types. All these are both imported and manufactured here. A duty of 40 per cent would equalize the foreign and domestic cost of the celluloid, galalith, and silk buttons, therefore, we consider a reduction of 10 per cent from present duty advisable for this class of goods, whereas for crochet buttons, a 50 per cent ad valorem duty is perfectly satisfactory and needed to protect the domestic industry.

Paragraph 448.—No buttons should be included in this paragraph, as there is absolutely no relation between buttons and jewelry. No manufacturer of jewelry ever manufactures buttons to any marked extent. The industries are distinctly separate. Furthermore, almost none of the buttons imported under this paragraph at a duty of 85 per cent are or could be duplicated in this country. Their manufacture is generally so limited as to the quantity of a pattern and requires such highly skilled labor, that little effort has been made to produce such buttons here. It might appear from this that no duty, no matter how high, would prevent importation, but such is not the case. These goods are very high priced in the foreign market so that when 85 per cent is added to the cost the price prohibits all but a very few from buying. Therefore the high duty reduces importation without being of any benefit to the American manufacturer. We recommend, therefore, striking out the words "dress buttons," in paragraph 448, thus eliminating the rate of 85 per cent from the button schedule and bringing all buttons under paragraph 427.

General remarks.—There are too many classifications in paragraph 427. The rate of duty on all buttons, except the special groups that we have omitted from this discussion, and also excepting pearl buttons, are very nearly the same for 1912 as per the following table:

Year ending June 30, 1912.

	Amount imported.	Duty.	Rate.
			<i>Per cent.</i>
Horn and ivory buttons.....	\$98,674	\$44,742	45
Metal buttons:			
<i>N. s. p. f.</i>	14,641	5,926	41
Embossed.....	26,976	12,138	45
Buttons <i>n. s. p. f.</i>	413,045	206,521	50
Glass buttons.....	138,977	58,594	42

We therefore suggest that one and the same rate be applied to all these buttons. Either an ad valorem duty of 40 per cent or a specific duty of three-fourths of a cent a line plus 15 per cent ad valorem. We believe the plain ad valorem duty preferable, as it is very much simpler to figure. We do not ask for any decided reduction in duty, as the present rates seem fair to all and enables us to buy either domestic or foreign goods according to which market we momentarily find most favorable. A slight reduction of from 5 to 10 per cent will do no harm; in fact, it would, we believe, make the average balance of prices more even than it is now.

We also wish to add that a reduction in duty sufficient to enable us to buy foreign buttons at lower prices than domestic ones, would not benefit the ultimate consumer, as the risk involved in placing larger orders for import on an article as unstaple as buttons, compels us to ask far larger profits on foreign than on domestic goods.

Respectfully submitted. .

ROTHSCHILD BROS. Co.,
J. HEIDEN, *Vice President.*
JOSEPH W. SCHLOSS Co.
Jos. W. SCHLOSS.

PARAGRAPH 427—BUTTONS.

BRIEF SUBMITTED BY WATERBURY BUTTON CO., WATERBURY, CONN.

WATERBURY, CONN., *January 23, 1913.*

Hon. O. W. UNDERWOOD,
*Chairman Committee on Ways and Means,
 House of Representatives, Washington, D. C.*

The Waterbury Button Co., a corporation organized under the laws of the State of Connecticut, and manufacturers of uniform and military buttons, metal buttons, cloth-covered buttons, vegetable-ivory buttons, composition buttons, snap fasteners, do petition your honorable committee that Schedule N, paragraphs 426 and 427, be let to remain as they are to-day, with the exception that we would pray that in paragraph 427, part of line 16, all of line 17, and part of 18, reading, "Buttons of metal, embossed with a design, device, pattern, or lettering, forty-five per centum ad valorem," be stricken out.

Our reason for such action is that under the present wording all uniform buttons are admitted at 45 per cent ad valorem. This has enabled our English competitor to underbid us on the bronze United States Army buttons; even at our cost we have not been able to meet his prices, consequently we are as Americans placed in the humiliating position of having our Army wearing English-made buttons.

By cutting out these lines Army buttons would take the specific duty of line 8: "Buttons of horn, glass, vegetable ivory, or metal, not specially provided for in this section, three-fourths of one cent per line per gross, and in addition thereto fifteen per centum ad valorem."

The second item of our manufacture, metal buttons, covers a great variety of goods, and paragraph 427 seems to grant a fair protection. It does not exclude the German and French buttons, but enables us to divide the market with them and creates a healthy condition of trade.

The third item, cloth-covered buttons, is the item paragraph 426 relates to specially. Under this paragraph the materials from which these goods are made can be imported at a duty of 10 per cent. This paragraph has been in force for a great many years, and we pray your honorable committee that it remain as it is.

The fourth item we manufacture is vegetable-ivory buttons, and this branch constitutes fully 50 per cent of our business. The raw material (ivory nuts) is all imported and is on the free list, and we pray your honorable committee that you let it remain there.

It is our desire that the present tariff Schedule N, paragraph 427, stand as it is, viz: "Buttons of horn, vegetable ivory, glass, or metal, not specially provided for in this section, three-fourths of one cent per line per gross, and in addition thereto on all the foregoing articles in this paragraph, fifteen per centum ad valorem."

This business is peculiar and, above all others, requires a specific duty. Your honorable committee will quickly understand that goods one season old can be called job lots and as such have no staple market price. This enables the foreigner to invoice his shipments at a ridiculously low price and still keep within the meaning of the law.

The tariff as it stands to-day regulates this absolutely and has been a great relief to American manufacturers. Neither has the tariff been high enough to make the American manufacturers independent.

There were, in the year 1907, 17 manufacturers of this class of buttons in the United States having a capital of over \$10,000 each. From 1907 to 1911 three of these concerns failed; this to our mind shows that the industry was not over protected.

Another point to our mind showing that the present tariff is none too high, is that there is no concert of action among any of the manufacturers as to association or price regulation. Any industry of the volume of this vegetable ivory button business, if it paid a fair return on capital, would have been sought after by the trust makers long ago.

We do not offer any statistics for your honorable committee to puzzle over. The Hon. A. H. Baldwin, chief of bureau, Department of Commerce and Labor, can furnish you these and from him they will be authentic.

There are still in the employ of the Waterbury Button Co. a number of employees who lived through the years of 1895, 1896, 1897, and 1898 under the so-called Wilson tariff when the factory ran only three days per week and with a very much reduced force. All join in an earnest prayer that these conditions may not occur again.

The fifth item in which the Waterbury Button Co. is interested is composition buttons. This is a button made from a plastic material and is pressed or formed into shape by heavy pressure; it makes a specially attractive button for cheap goods and

PARAGRAPH 427—BUTTONS.

to-day we understand is covered under Schedule N, paragraph 427, part of line 17, all of 18 and 19, and reads as follows:

"Buttons not specially provided for in this section and all collar or cuff buttons and studs composed wholly of bone, mother of pearl, or ivory, fifty per cent ad valorem."

The sixth item in which the Waterbury Button Co. is interested is snap fasteners. Snap fasteners are now protected as per Schedule N, paragraph 427, part of line 14, all of line 15 and part of line 16, as follows:

"Snap fasteners or clasps or parts thereof by whatever name known, fifty per cent ad valorem."

These fasteners are largely used on gloves and kindred articles; it is an industry of no mean proportion in the United States to-day and we pray your honorable committee that the present tariff be let to remain.

Respectfully submitted.

WATERBURY BUTTON Co.,
J. RICHARD SMITH, *President*.

BRIEF SUBMITTED BY CITY BUTTON WORKS, NEW YORK CITY.

NEW YORK, January 22, 1913.

To the COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Appreciative of the courtesy shown by the invitation extended to express our views in connection with the revision of the tariff now under way, we submit the following in reference to the button schedule:

Wishing to state on beginning, in the most emphatic manner possible, that we do not believe in, advocate, nor ask a prohibitive rate applying to buttons of foreign production.

What we hope for is that the schedule be so regulated as to adjust the great difference in the cost of labor existing between the United States and Europe, thereby assuring domestic manufacturers an opportunity to market their merchandise in fair competition with Europeans.

Buttons of our production are covered by paragraphs 427 and 448, Schedule N.

Buttons of silk, satin, velvet, etc., to which a duty of 50 per cent applies, and which we ask to be left unchanged.

Buttons of metal, n. s. p. f., duty three-fourths of a cent per line and 15 per cent, a total which in many items equals a rate of nearly 100 per cent. This we take the liberty of suggesting be made a straight charge of 60 per cent.

Buttons of metal, embossed with a design, pattern, device, or lettering subject to 45 per cent ad valorem, and of which we submit a sample A for consideration, illustrates how a nominal tariff rate can effect an American industry. This button is the one used for our Army uniforms. Its production has given work to many in this city, Newark, N. J., and Waterbury, Conn., but which has almost been eliminated, as under the existing tariff English manufacturers have been able to undersell us in dealing with the Government, and we have the humiliating experience of contemplating the fact that in the simplest detail of his uniform, namely, the buttons, our soldier wears something not of American make.

A rate of at least 60 per cent would, we believe, be equitable, and enable us to meet this English competition on a fairer basis, and bring about the use of plant which has been idle for a considerable period.

We also present samples of buttons, n. s. p. f., taken from foreign shipments received this year, and paying a duty of 50 per cent, which we concede is just, as it really equalizes the cost of labor in production, and places both foreign and domestic merchandise on a par, as per figures submitted hereafter.

	Cost per gross.	Duty, 50 per cent.	Total.
Sample B, German button.....	\$1.52	\$0.76	\$2.28
Duplicated by us for.....			2.50
Sample C, German button.....	1.35	.68	2.03
Duplicated by us for.....			2.00
Sample D, German button.....	1.50	.78	2.24
Duplicated by us for.....			2.25

PARAGRAPH 427—BUTTONS.

Sample E shows class and character of our American-made button.

In view of the foregoing fair illustration, we ask that rate on this particular classification be allowed to remain as it is.

Subsequent to the enactment of the Wilson bill this concern was out of business practically two years, and only revived by the introduction of other lines of manufacturing; but resumed the production of buttons extensively again when favorable opportunities were developed under changed conditions.

We are not seeking for an opportunity for making excessive profits. It no longer exists, and our efforts would be rainbow chasing. There are so many and varied divisions in this business of button manufacturing, competition so keen, and the knowledge ever present that Europe is not far distant now, and always ready to undersell us through the low cost of her labor, that even a living return on investment is not always assured us.

Fashion, which ordains the use of or ignoring of buttons, favors us one year and leaves us severely alone another; so that we can never count on any particular line as enjoying assured stability, and despite the encouragement given the industry by the tariff laws of 1907-1909 results during the past five years do not warrant any boasting. For 1908-9 we showed a profit. During 1910 strikes crippled the garment manufacturers, who are our chief customers, and our plant that year was maintained at a loss.

The evil effects were still felt during 1911, and it was only in 1912 that we enjoyed the gratification of profit making, and that not extravagant.

There is considerable discussion in the public prints at present about the "minimum wage, etc.," which covers the limit we have been working on for several years past, as following schedule of wages demonstrates:

	Per week of 54 hours.
Female help:	
Beginners.....	\$6
Average workers.....	\$7- 9
Expert workers.....	9-12
Male help:	
Beginners.....	6
Average workers.....	12-15
Expert workers.....	18-27

The male help performs the heavy, arduous, and mechanical work of the business, which explains the seeming discrepancy between wages paid them and female employees.

In conclusion, we ask you to compare the foregoing wage list with figures at your command showing what is paid by our foreign competitors, and we believe you will justly acknowledge that our very beginners earn almost as much, if not more, than those who are classed as experts in Europe, where, to the best of our knowledge and belief, labor is so low in the button-manufacturing districts of Austria, Bohemia, and Germany that complete buttons, carded and boxed, can be purchased for 9 cents per gross, figures which we manufacturers here in America could only consider as not always covering what we pay for the carding alone—which facts bring us back to the beginning of this communication, and leads to a repetition of the statement that we do not advocate the exclusion of foreign-made buttons, but that the tariff be adjusted in such a way as to make their cost, landed in America, approximate the value of our homemade goods.

Yours, very truly,

CITY BUTTON WORKS,
J. F. BYRNE, *Manager.*

INTERNATIONAL BUTTON CO. WRITE CONCERNING TARIFF
ON BUTTONS.

ROCHESTER, N. Y., *January 24, 1913.*

HON. OSCAR W. UNDERWOOD,
*Chairman of the Ways and Means Committee,
Washington, D. C.*

DEAR SIR: In reference to the hearings before your committee in regard to the proposed tariff changes, we beg to offer the following and sincerely trust that you will give this statement due consideration when your committee takes up the matter of Schedule N, with particular reference to buttons.

In preface, we might state that our principal article of manufacture is ocean-pearl shirt buttons, but we are also personally more or less connected with one of the Ivory

PARAGRAPH 427—BUTTONS.

button manufactures of this city, and previous to four years ago carried on in connection with our manufacturing business a jobbing and, in a small way, an import business. We therefore consider ourselves fairly well informed in regard to buttons in general, with the exception of such that are known as agate buttons, metal trouser buttons, and bone buttons.

We consider that buttons can be divided into two general classes—staple and ivory. Staple buttons consisting mostly of ivory buttons such as are usually worn on men's garments and women's tailored garments, and pearl shirt buttons such as are used on men's soft shirts and all kinds of underwear. Fancy buttons consisting mostly of metal, glass, and also of galalith and pearl, and quite generally a combination of several different materials, making buttons that are used mostly on higher-priced garments, and used by the custom trade. This class may therefore be considered more or less in the nature of luxuries.

About five years ago there was introduced a new article for the manufacture of buttons known as "Galalith." This is a casein product (patented), made by a German concern, generally in the form of sheets of various colors, and which have to be formed and turned in much the same fashion as buttons made of pearl and horn. We, together with two or more other button houses, took up this material, but on account of the high cost of the labor involved, we found the field very limited, because the cheaper kinds of buttons made of this material were too high in price for large consumption, and the fancy buttons were almost entirely brought to this country from France and Germany, in spite of the fact that they bore an import duty of 50 per cent under the clause of "Buttons not specially provided for." The galalith material at present is assessed at 20 per cent under the clause referring to "Partly manufactured articles not otherwise provided for." As a result of these conditions, the two other houses that began using this material when we did have since dropped it, and this past year is the first year that we have been able to make any item of it worth mentioning, and then only through the fact that we developed some superior designs, and were able to save time on deliveries over the time required to import goods. Our designs of course will probably be copied or imitated by the foreign manufacturers.

Galalith buttons bear a higher proportionate labor cost than any other button made in this country.

Practically all fancy buttons used in this country are imported, the styles and kinds being too various to admit of the cost of designing special machinery for their manufacture, and we believe that this state of affairs would continue even if the tariff on these goods were raised to 100 per cent.

We would therefore suggest to your honorable committee that you incorporate into the tariff measure: (1) That galalith material in the form of sheets and rods be put on the free list; (2) that buttons other than pearl and ivory and consisting entirely of one piece only of any material be assessed at 35 per cent; (3) that buttons consisting of a combination of two or more materials of any kind or of two pieces of the same material cemented or otherwise joined together be assessed at 60 per cent.

The reason that we make the suggestion involved in No. 2 and No. 3 is that No. 3 would include practically all of the fancy buttons which might be considered as luxuries. No. 2 would cover the staple buttons as mentioned above, and as on these classes of goods, it is possible to accomplish more by means of machinery, we believe that the 35 per cent would equalize the matter of labor, giving the domestic manufacturer the advantage of a home market.

In so far as this would affect galalith buttons, it would still not bring the galalith into close competition with the horn and ivory button (which it in some respects resembles), excepting that of these latter materials it is not possible to produce any quantity of buttons larger than 50 ligne ($1\frac{1}{4}$ inches). Galalith buttons are not limited as to size, and therefore would supply the demand for buttons of these larger sizes.

In reference to our proposition of 60 per cent on the fancy buttons, this would still not equalize the matter of labor, but we believe would give us a fair chance in our home market.

Thanking you in advance for your kind consideration of the above, we beg to remain,
Yours, very truly,

INTERNATIONAL BUTTON CO.,
Per EDGAR SHANTZ, *Secretary*.

PARAGRAPH 427—SNAP FASTENERS.

SNAP FASTENERS.

STATEMENT SUBMITTED BY THE TRAUT & HINE MANUFACTURING CO., NEW BRITAIN, CONN.

NEW BRITAIN, CONN., January 27, 1913.

To the honorable members of the Ways and Means Committee of the House of Representatives:

As manufacturers of snap fasteners, clasps, and parts thereof, we respectfully submit that:

Snap fasteners, or clasps, or parts of are now provided for in schedule N, sundries, paragraph 427, act of 1909, which reads as follows: "Snap fasteners, or clasps, or parts of, 50 per cent," and we respectfully ask this committee that this item be not changed, and that the rate of duty be allowed to stand as it now is on this class of manufacture.

Snap fasteners are to-day manufactured in Germany and are being shipped to this country in larger and larger quantities, and after paying the present duty of 50 per cent ad valorem, these goods are being sold at a price less than we can compete with and pay the present rate of wages.

The manufacturing of fasteners is quite a large industry in this country, but if it does not have the proper protection, the majority of the fasteners will be made in Germany and brought over here at such low prices that to compete with them would be impossible. This naturally would mean the death of the industry in question which now employs thousands of operatives and in which a large amount of capital is invested. Under these conditions we respectfully ask your honorable committee to leave the tariff as it is at present on snap fasteners.

Very respectfully,

THE TRAUT & HINE MANUFACTURING CO.

BRIEF SUBMITTED BY UNITED STATES FASTENER CO., BOSTON, MASS.

WAYS AND MEANS COMMITTEE,
House of Representatives.

As manufacturers of snap fasteners, clasps, and parts thereof, we respectfully submit that "Snap fasteners, or clasps, or parts of," are now provided for in Schedule N, sundries, paragraph 427, act of 1909, which reads as follows: "Snap fasteners, or clasps, or parts of, 50 per cent." And we respectfully ask this committee that this item be not changed, and that the rate of duty be allowed to stand as it now is on this class of manufacture.

The use of snap fasteners, clasps, and parts thereof is constantly increasing in this country, and their manufacture in the United States is fast becoming an industry of no mean proportion; the present rate of duty affords the manufacturers of these articles scarcely any protection, and the competition with articles of a like nature made abroad and imported into this country is most keen. "Snap fasteners, or clasps, or parts of" are to-day manufactured in Germany and are being shipped to this country in larger and larger quantities, and after payment of the present duty, which is 50 per cent ad valorem, together with all charges for ocean carriage or otherwise, are sold at a price less than that at which we can possibly compete if we are to continue to pay the same rate of wage as now paid by us. This, of course, means death to the above industry, which now employs thousands of operatives, and in which a large amount of capital is invested.

For the information of the committee we append hereto a schedule of the wages paid in Germany and those paid by ourselves in like branches of manufacture for comparison.

Respectfully submitted.

UNITED STATES FASTENER CO.,
W. S. RICHARDSON, *Treasurer.*

PARAGRAPH 427—SNAP FASTENERS.

[Inclosure.]

SNAP FASTENERS, OR CLASPS, OR PARTS OF, PARAGRAPH 427, ACT OF 1909,
SCHEDULE N, SUNDRIES.*Comparison of prices paid for labor in Germany and the United States.*

	Germany (per hour).	United States (per hour).
	<i>Cents.</i>	<i>Cents.</i>
Working foreman on presses.....	20	55½
Machinists, die makers, etc., average.....	14	39½
Lathe hand for presses.....	10	28
Helpers on presses, average.....	6½	19
Carpenters.....	12½	18
Platers.....	16	55½
Fireman, porter, etc.....	10	25
Packing girls.....	5	15

BRIEF OF S. BASCH, OF NEW YORK, ON SNAP FASTENERS.

S. Basch, of New York, representing Waldes & Co., of Germany, basing his statements upon an experience of eight years, during which time he has come into contact with both the manufacturing and jobbing as well as the retail trade in this country, most earnestly suggests the following changes in the above paragraph 427, covering snap fasteners, to wit:

These goods under the present tariff act are assessed for duty at a rate of 50 per cent ad valorem, which is not only so excessive as to almost prohibit their importation, but brings much hardship to the importers thereof.

There are no snap fasteners of this type, to wit, with a wire spring, manufactured in this country at the present time, so far as can be ascertained, and therefore these articles come into no competition with any American article of like construction.

The present high rate on these goods is such as to render the sale of them possible only at a very high price, and, in addition, makes the quantity imported so small as to be almost absolutely negligible as a producer of revenue to the Government.

It is therefore suggested to your honorable body that the duty upon these articles be reduced to a rate of 25 per centum ad valorem, which will not only benefit the consumer by rendering possible a lower price on these goods in this country, but will redound to the benefit of the Government owing to greatly multiplied revenues resultant from increased importations, and can work no hardship on the American manufacturer, as there are no articles of this kind manufactured in this country, and therefore no competition with an American product.

As a further illustration of the fact that the present duty rate is excessive it is called to your attention that the total importations of these articles during the year 1911 were approximately \$20,000, whereas it is an undisputed fact that many hundreds of houses in Europe individually use such an amount of these goods annually and more.

For all of the above reasons it is most earnestly urged that the rate of duty to be assessed upon these articles, to wit, snap fasteners, should be reduced to 25 per cent ad valorem.

S. BASCH & Co.,
New York City.

SUPPLEMENTAL BRIEF OF S. BASCH, OF WALDES & Co., SCHEDULE N, PARAGRAPH 427.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: I desire to supplement brief already filed by us under the above paragraph with the following concise statement:

The present paragraph 427 contains the following:

"Snap fasteners, or clasps, or parts thereof, by whatever name known, fifty per cent ad valorem."

I inclose herewith samples of garment wire-spring fasteners.

These fasteners are not made in this country and never have been, and, therefore, do not enter into competition whatsoever with any American article of like construction.

PARAGRAPH 427—SNAP FASTENERS.

The present exorbitant duty of 50 per centum ad valorem largely limits the importation of these goods. They are upon the Canadian free list, and the importation into Canada is at present nearly twice the amount of the importation into the United States with a population of not more than 5 per cent as great as the United States.

A reduction of this duty rate to 25 per cent ad valorem, and a specification of this particular article as "Garment wire-spring fasteners" would not only protect all American purchasers, and supply the enormous demand for this particular fastener at a reasonable price to the entire population of the United States, but would also yield a revenue fully 10 times as great as at present.

This fastener does not compete with the glove fastener made in this country, and can not be used for that purpose. It is largely made by automatic machines and the labor percentage of final cost is not to exceed 20 per cent thereof.

For all of the above reasons we earnestly urge the consideration of this paragraph and such a correction of the same as to include "garment wire-spring fasteners, 25 per cent ad valorem."

All of which is respectfully submitted.

S. BASCH.

By Francis E. Hamilton, counsel, New York City.

BRIEF OF IMPORTERS OF SNAP FASTENERS, ETC.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

A brief was filed under Schedule C, requesting that trouser buckles and snap fasteners or dress fasteners should be covered by the paragraph covering manufactures of metal at a duty of 25 per cent ad valorem (H. R. 18642, par. 59).

These articles are now covered under Schedule N at 50 per cent ad valorem (par. 425 and par. 427).

These articles should appear under a paragraph covering manufactures of metal, for the following reason:

Trouser buckles are among the plainest manufactures of metal. They are used by every male person wearing trousers. Fancy buckles for belts and shoes come under paragraph 448 as jewelry, and are therefore provided for at a higher rate of duty. No special paragraph is required, but they should appear in the metal schedule.

The statistical records on steel buckles for the quarter beginning September 30, 1911, up to June 30, 1912, show a total importation of \$5,399.50 in value and a duty collected thereon of \$2,621.29, being at the rate of 5 cents a hundred and 15 per cent ad valorem.

Snap or dress fasteners.—These are plain metal articles used for women's wearing apparel and are now assessed under paragraph 427 at 50 per cent. These are also manufactures of metal, and if transferred to the suggested paragraph in the metal schedule at a duty not to exceed 25 per cent ad valorem it would greatly encourage the importation of these useful articles, which are not manufactured in this country, and are used where the ordinary button can not be used with comfort.

The statistical records from July 1, 1911, to June 30, 1912, report a total value of importation of fasteners of \$38,564, upon which a duty of \$19,282 was paid.

The importations are comparatively small due to the fact that the duty of 50 per cent makes these fasteners too expensive for the average consumer, and inferior articles are used in lieu thereof, such as hooks and eyes, and sometimes buttons.

If the duty was lowered on these articles, there would no doubt be increased importations, since a reduction would place fasteners within reach of everyone, and the demand is very great.

These snap fasteners are not made in this country, and therefore a reduction in the duty will not in any way interfere with any domestic manufacturer.

Trouser buckles and snap fasteners are sold to clothing manufacturers, to dress-makers, and to individual consumers, and they are both plain manufactures of metal and for this reason should be included in a paragraph under the metal schedule.

The exhibits which I have submitted with my brief in tariff hearings No. 8, page 1691, will convince you that all these articles are manufactures of metal, and that they do not require the present excessive protective tariff of 50 per cent. Buckles and fasteners are articles of necessity.

Respectfully submitted.

PAUL BOWMANN, *New York City,*
By FRANCIS E. HAMILTON, *Counsel.*

PARAGRAPH 428—BITUMINOUS COAL.**BRIEF OF THE BALL & SOCKET MANUFACTURING CO., WEST CHESHIRE, CONN.**

JANUARY 27, 1913.

To the honorable members of the Ways and Means Committee of the House of Representatives:

As manufacturers of snap fasteners, clasps, and parts thereof, we respectfully submit that "Snap fasteners, or clasps, or parts of," are now provided for in Schedule N, sundries, paragraph 427, act of 1909, which reads as follows:

"Snap fasteners, or clasps or parts of, 50 per cent," and we respectfully ask this committee that this item be not changed, and that the rate of duty be allowed to stand as it now is on this class of manufacture.

The use of snap fasteners, clasps, and parts thereof is increasing in this country, and their manufacture in the United States is becoming a very important industry. The present rate of duty affords the manufacturers of these goods scarcely any protection on the lower price articles and the competition with the goods made abroad is most keen. Snap fasteners, press buttons, and parts thereof are to-day manufactured in Germany and are being shipped to this country in increasing quantities each year, and after the payment of the present duty, which is 50 per cent ad valorem, together with all charges, are placed in New York at a price which is very nearly our factory cost.

We, therefore, pray your honorable body that the present duty may be maintained.
Respectfully submitted.

THE BALL & SOCKET MANUFACTURING CO.,
F. A. IVES, *Treasurer*.

PARAGRAPH 428.

Coal, bituminous, and shale, forty-five cents per ton of twenty-eight bushels, eighty pounds to the bushel; coal slack or culm, such as will pass through a half-inch screen, fifteen cents per ton of twenty-eight bushels, eighty pounds to the bushel: *Provided*, That the rate of fifteen cents per ton herein designated for "coal slack or culm" shall be held to apply to importations of coal slack or culm produced in and screened the ordinary way, as such, and so shipped from the mine; coke, twenty per centum ad valorem; compositions used for fuel in which coal dust or coal is the component material of chief value, whether in briquettes or other form, twenty per centum ad valorem: *Provided*, further, That on all coal imported into the United States, which is afterwards used for fuel on board vessels propelled by steam and engaged in trade with foreign countries, or in trade between the Atlantic and Pacific ports of the United States, and which are registered under the laws of the United States, a drawback shall be allowed equal to the duty imposed by law upon such coal, and shall be paid under such regulations as the Secretary of the Treasury shall prescribe.

BITUMINOUS COAL.**BRIEF BY THE NEW ENGLAND GAS & COKE CO., BOSTON, MASS.**

The tariff on bituminous coal, coal slack or culm, is provided for in paragraph 428 of the tariff act of 1909 as follows:

"Coal, bituminous, and shale, forty-five cents per ton of twenty-eight bushels, eighty pounds to the bushel. Coal slack or culm such as will pass through a half-inch screen, fifteen cents per ton of twenty-eight bushels, eighty pounds to the bushel: *Provided*, That the rate of fifteen cents per ton herein designated for 'coal slack or culm' shall be held to apply to importations of coal slack or culm produced and screened in the ordinary way, as such, and so shipped from the mine."

In support of the present tariff rate the New England Gas & Coke Co., of Boston, Mass., desire to submit the following:

First. That the principal foreign customer for United States bituminous coal and bituminous coal slack or culm is the Dominion of Canada.

PARAGRAPH 429—CORK.

Second. The tariff regulation governing the importation of United States bituminous coal and bituminous coal slack to Canada is as follows:

	Cents.
Bituminous slack coal, such as will pass through a three-quarter-inch screen, subject to regulations prescribed by the minister of customs.....per ton..	14
Coal, bituminous, round and run of mine, and coal, n. o. p.....do....	53

NOTE.—See the Canadian customs tariff dated 1907, page 40, Schedule A, group 11, paragraphs 587 and 588. A ton as defined in this tariff means 2,000 pounds avoirdupois. (See p. 9, par. 2, sec. D.)

Third. In the year 1911 (figures for 1912 not available) the total tonnage of bituminous coal exported from the United States to Canada was 8,905,815 tons, upon which Canada collected a duty of 53 cents per ton, amounting to \$4,720,081.95.

Fourth. The total tonnage of bituminous coal slack exported from the United States to Canada in 1911 was 1,632,500 tons, upon which Canada collected a duty of 14 cents per ton, amounting to \$228,550, making the total amount received in 1911 from the duty on bituminous coal and slack by the Canadian Government, \$4,948,631.95.

Fifth. The total revenue collected by the Dominion of Canada from all sources in 1911 was \$117,780,409. Of this revenue, the duty it received on bituminous coal and slack imported from the United States was \$4,948,631.95, or an excess of 4 per cent of its entire revenue receipts.

Sixth. The total tonnage of bituminous coal exported by the Dominion of Canada in the year 1911 to the United States was 1,068,572 tons, the duty upon which was 45 cents per ton, amounting to \$480,857.40.

Seventh. The total tonnage of coal slack exported from Nova Scotia in the Dominion of Canada to the United States in 1911, was 385,095 tons, upon which a duty was collected by the United States of 15 cents per ton, amounting to \$53,913. There are no figures available showing the number of tons of slack exported from other sections of Canada to the United States. We believe that that tonnage was very small, if any.

Eighth. The total revenue received by the United States from Canada for import duty on bituminous coal and slack for the year 1911 was \$534,770.40, as against \$4,948,631.95 collected by Canada for duty on bituminous coal and slack exported from the United States to Canada.

From the foregoing, it must be apparent to your committee that no reduction will be made of the bituminous coal and slack tariff by the Dominion of Canada, as a substantial portion of their revenue is collected therefrom.

In view of the figures submitted, we ask that the present duty on bituminous coal and bituminous coal slack be allowed to remain as is at present provided for in paragraph 428 of the tariff act of 1909.

Respectfully submitted.

NEW ENGLAND GAS & COKE CO.,
By HENRY S. LYONS.

PARAGRAPH 429.

Cork bark cut into squares, cubes, or quarters, eight cents per pound; manufactured corks over three-fourths of an inch in diameter, measured at larger end, fifteen cents per pound; three-fourths of an inch and less in diameter, measured at larger end, twenty-five cents per pound; cork, artificial, or cork substitutes, manufactured from cork waste or granulated cork, and not otherwise provided for in this section, six cents per pound; manufactures, wholly or in chief value of cork, or of cork bark, or of artificial cork or cork substitutes, granulated or ground cork, not specially provided for in this section, thirty per centum ad valorem.

CORK.**TESTIMONY OF JOSE TORRES, BROOKLYN, N. Y.**

Mr. Torres was duly sworn by the acting chairman.

Mr. TORRES. Shall I proceed?

Mr. DIXON. Proceed.

Mr. TORRES. Gentlemen, very little attention has been paid to the cork industry for many years, because this industry has been highly protected with prohibitive duties on importations of cork.

PARAGRAPH 429—CORK.

People think that the cork business in this country does not amount to anything, but there is about \$8,000,000 worth sold in this country, and about \$7,000,000 worth of crown cork sold.

If you will take here the figures of importations for 1912 you will find that \$1,891,872 were imported, but you have to discount the cork disks, which do not cut any figure in the manufacture of corks; that is, cork disks that go into the manufacture of crowns, because it is an absolutely independent manufacture. If you discount the cork disks you will find that only \$139,000 worth of corks were imported into the United States during the last year.

If you go by the different schedules—

Mr. PALMER. Are those figures for 1912?

Mr. TORRES. 1912. \$139,000 worth of corks were imported, discounting the cork disks.

Mr. PALMER. Counting those?

Mr. TORRES. Discounting them.

Mr. PALMER. Discounting them?

Mr. TORRES. Yes.

Mr. PALMER. And not counting them?

Mr. TORRES. And not counting them, \$139,000.

Mr. DIXON. Do you mean deducting the cork disks?

Mr. TORRES. Deducting the cork disks; yes, sir. Now, if you will take these by schedules—

Mr. PALMER. How many of the cork disks were there?

Mr. TORRES. About \$1,700,000 worth were imported, \$1,600,000 went to Baltimore. I imported \$100,000 worth, and a few friends of mine in New York imported \$50,000 worth. Therefore, if you discount the cork disks, you will find that only \$139,000 worth of corks were imported, while there is about \$4,000,000 worth used in the United States. I will tell you the reason why—

Mr. PALMER. \$4,000,000 worth of disks used in the United States?

Mr. TORRES. No; corks. There was more than that amount of disks used.

If you take the corks by schedules, "cork bark cut into squares, cubes, or quarters, 8 cents per pound," you will find that none has been imported for 20 years. They have prohibitive duties on them.

If you now take the corks manufactured over three-quarters of an inch in diameter, you will find that \$139,000 were imported, but there is about \$2,500,000 worth used in this country.

Now, if you take the other item here, cork less than three-quarters of an inch, you will find that only \$17,900 have been imported, and there are used here \$1,700,000 worth. Granulated cork is imported at 6 cents a pound duty. You will find that only \$8 worth of this cork have been imported during 1912. There is \$2,000,000 worth used in the United States, and if you put a duty of 2 cents a pound you will never derive a cent of revenue because the Armstrong Cork Co., a corporation of \$8,000,000, controls the market and the markets of the world in this article.

Now, in regard to the other item, this (indicating sample) is used for cigarette papers, and of this there was imported \$260,000 worth, I think, on which the duty collected amounted to \$80,000.

Mr. PALMER. On cork paper?

Mr. TORRES. Yes.

PARAGRAPH 429—CORK.

Mr. PALMER. According to the book I have showing figures for 1911—

Mr. TORRES. I am talking about 1912.

Mr. PALMER. Yes.

Mr. HULL. Are the Armstrong Cork Co. the largest manufacturing company in this country?

Mr. TORRES. They make 80 per cent of the cork and cork products in the United States.

Mr. HULL. How many concerns are there that manufacture cork?

Mr. TORRES. There are about 10 or 11, I should say, but they do not amount to very much, except 2 or 3 of them. There are not more than 3 large ones; in fact, I do not believe if you would capitalize them all they would amount to \$300,000.

Mr. HULL. What is the capital of the Armstrong Cork Co.?

Mr. TORRES. I understand it is \$8,000,000.

Mr. PALMER. According to my figures, the imports for the year ending June 30, 1912, of manufactures wholly or in chief value of cork, amounted to \$268,464. How much of that is cork paper?

Mr. TORRES. How much do you say?

Mr. PALMER. \$268,464.

Mr. TORRES. Well, I import here cork soles to the value of maybe four or five thousand dollars a year.

Mr. PALMER. I asked you how much of it is cork paper.

Mr. TORRES. It must be very nearly all of that.

Mr. PALMER. Is any cork paper made in this country?

Mr. TORRES. Yes.

Mr. PALMER. How much?

Mr. TORRES. I could not tell you, because I do not manufacture it.

Mr. PALMER. Well, who does manufacture it?

Mr. TORRES. The Armstrong people.

Mr. PALMER. Do they make as much as is imported?

Mr. TORRES. I do not know. I could not tell you. It is difficult to find out how much they manufacture.

Mr. PALMER. But what I was trying to get at is, was this cork paper that is used for cigarette tips used by the cigarette manufacturers of the country?

Mr. TORRES. Yes.

Mr. PALMER. Is that its only use?

Mr. TORRES. Yes; that is all.

Mr. PALMER. What I am trying to get at is what proportion these imports of cork paper bear to the total American production of cork paper. Can you give us any light on that?

Mr. TORRES. I could not tell you, because I do not know. Maybe Armstrong & Co. know how much they manufacture, if they care to let you know.

Mr. PALMER. You do not know?

Mr. TORRES. But I should say now that it comes into this country at the rate of 32 marks a thousand sheets, $4\frac{1}{2}$ by 12; so that it pays a duty of about 30 per cent on 36 marks, and that would be about \$2.40.

Mr. PALMER. Who makes this cork paper abroad?

Mr. TORRES. It is made in Spain.

PARAGRAPH 429—CORK.

Mr. PALMER. In Spain?

Mr. TORRES. And Italy, Germany, and Austria.

Mr. PALMER. Do you think the imports of the foreign paper would be increased by the reduction of the duties?

Mr. TORRES. I could not tell you about this foreign paper, but in cork, yes.

Mr. PALMER. I will get to corks in a minute. I just want to find out first about the paper. That is getting to be quite a big industry in this country?

Mr. TORRES. What?

Mr. PALMER. It is getting to be quite a big industry?

Mr. TORRES. Yes; every year it is growing. The more cigarettes they smoke the more paper they import.

Mr. PALMER. Now, how about the other corks? The cork wood, as I understand it, is free.

Mr. TORRES. Free.

Mr. PALMER. You say the cork cut in blocks and squares has a duty which now is prohibitive?

Mr. TORRES. I do not remember any being imported in 20 years.

Mr. PALMER. Is it not a fact that under the new method of making corks, they do not cut them into blocks and squares any more?

Mr. TORRES. They cut them on the other side; yes, sir.

Mr. PALMER. No cork manufacturer here makes cork cut in blocks or squares?

Mr. TORRES. Yes, they do.

Mr. PALMER. Who does?

Mr. TORRES. Several manufacturers in New York make corks out of squares. For instance, this is a machine cork [exhibiting sample]. That is the way they cut corks here.

Mr. PALMER. That piece that you have in your left hand is a piece of cork cut into squares or blocks?

Mr. TORRES. No; into slices. A square is about that size [indicating], and they cut them by machine.

Mr. PALMER. Is there any manufacturing of corks by hand in this country now?

Mr. TORRES. No; they make imitation hand-cut corks by machine.

Mr. PALMER. That is all actually done in this country now?

Mr. TORRES. It is.

Mr. PALMER. Making cork out of squares?

Mr. TORRES. Yes; for many years. Almost every cork factory does this.

Mr. PALMER. Does the Armstrong Co. do it?

Mr. TORRES. Yes; and every other cork factory in New York City.

Mr. PALMER. If that be so, why do you not import cork in blocks and squares?

Mr. TORRES. Because the duties are too heavy.

Mr. PALMER. They import it that way and then they cut it up here?

Mr. TORRES. Exactly.

Mr. PALMER. Would it be imported in blocks and squares if the duty were lower?

Mr. TORRES. I do not believe you could put a low enough duty on it to pay.

PARAGRAPH 429—CORK.

Mr. PALMER. In other words, once cork is on the free list——

Mr. TORRES. Yes.

Mr. PALMER. This tax on cork in blocks and squares is of no avail whatever?

Mr. TORRES. Yes, sir. If you will put it at 2 cents maybe the Armstrong people would import them.

Mr. PALMER. The other classification of cork is as to size, three-quarters of an inch or less?

Mr. TORRES. That is it.

Mr. PALMER. And three-quarters of an inch or more?

Mr. TORRES. Yes.

Mr. PALMER. There is a large number of the larger corks, is there not?

Mr. TORRES. Yes; very little of the smaller ones.

Mr. PALMER. Is that because the rate on the small corks is prohibitive in your judgment?

Mr. TORRES. It is prohibitive on 99 per cent of them. Out of \$1,500,000 worth of cork used there was only \$17,000 worth imported. Let me call your attention to the number of pounds that these corks weighed. They weighed 21,998 pounds, which means that the corks imported were worth about \$1 a pound.

Mr. PALMER. Eighty-one cents, according to the import figures.

Mr. TORRES. Yes; about that.

Mr. PALMER. Eighty-one cents a pound?

Mr. TORRES. Yes. If you will allow part of these corks to come in lower grades or medium grades, then you will find that 1,000,000 pounds of cork will come to this country, and even if you reduce the duty to 10 cents you will derive \$100,000 in duty, where now you only derive \$5,000.

Mr. PALMER. If we reduce the duty from 25 cents?

Mr. TORRES. To 10 cents.

Mr. PALMER. To 10 cents?

Mr. TORRES. These medium grades will come in.

Mr. PALMER. The cheaper corks?

Mr. TORRES. The cheaper corks, which are the greatest majority, because the corks coming in now are only the odds and ends which can be made on the other side.

Mr. PALMER. Will that, in your judgment, result in cheaper corks?

Mr. TORRES. It will result in cheaper corks. It will compel the Armstrong people and the other manufacturers to give a better article to the consumer, and the Government will derive ten times the amount of revenue they are now deriving.

Mr. HULL. Do you think any of the benefit of these reductions will reach the consumer?

Mr. TORRES. Yes, sir; exactly.

Mr. PALMER. The Armstrong people have cork factories abroad?

Mr. TORRES. The Armstrong people have a packing factory abroad. They import no corks.

Mr. PALMER. And all the cork is over there where their factories abroad are located?

Mr. TORRES. No, because Portugal exports about 70 per cent of the cork bark coming into this country.

PARAGRAPH 429—CORK.

Mr. PALMER. Well, Spain and Portugal.

Mr. TORRES. Yes.

Mr. PALMER. And their cork factories are in Spain, are they?

Mr. TORRES. The Armstrong?

Mr. PALMER. Yes.

Mr. TORRES. Yes.

Mr. PALMER. If you reduce the duties on these corks, would they not import them just the same and compete with themselves over here?

Mr. TORRES. They will import part of them; yes. They might.

Mr. PALMER. How would you expect to get a lower rate, if they are importers as well as local manufacturers? How would you expect to get a lower price for corks in this country?

Mr. TORRES. Because they will be cheaper. They have prohibitive duties now.

Mr. PALMER. Will the Armstrong Co. located in Spain introduce corks in this country to undersell the corks of the Armstrong Co. located in Pennsylvania?

Mr. TORRES. They might.

Mr. PALMER. They might?

Mr. TORRES. They might.

Mr. PALMER. They would undersell themselves, would they?

Mr. TORRES. Yes, sir.

Mr. PALMER. Where would be the financial advantage in that kind of a proceeding?

Mr. TORRES. Maybe they will not do it, but it will give a chance to the consumer. Corks will be reduced in price and will be better in quality.

Mr. PALMER. Corks will be what?

Mr. TORRES. The corks will be reduced in price and will be of better quality.

Mr. PALMER. That is, the Armstrong Co. will reduce the cost in price? Because of the lower duty they can land their Spanish cork here cheaper than they can make them themselves in this country.

Mr. TORRES. In some instances, yes. I would say that they will lose 20 per cent and will be protected on 80 per cent.

Mr. PALMER. Would they then go out of the business in this country?

Mr. TORRES. Not at all. I have to remind you that these corks during President Cleveland's administration paid 15 cents per pound duty while these corks to-day pay 25 cents, and still the Armstrong Co. did not import any corks from Spain because it was more of an advantage to make them here than to make them in Spain. They paid 15-cent duty during eight years.

The CHAIRMAN. Are there any further questions?

Mr. PALMER. Just a moment or two.

Mr. HARRISON. Did you ask him about that granulated cork?

Mr. PALMER. Yes. Now, these corks above three-quarters of an inch in diameter are imported in large numbers?

Mr. TORRES. No; if you take the disks out, only \$139,000 worth.

Mr. PALMER. What?

Mr. TORRES. Cork disks are manufactured into Crown corks.

PARAGRAPH 429—CORK.

Mr. PALMER. Including the disk, importations of that class of corks run to 2,000,000 pounds and over?

Mr. TORRES. Yes; 2,300,000 pounds.

Mr. PALMER. Most of those, however, you say are disks?

Mr. TORRES. The great majority of them are disks.

Mr. PALMER. That is the little cork used as a stopper?

Mr. TORRES. That is it.

Mr. PALMER. A metal stopper?

Mr. TORRES. Yes.

Mr. PALMER. They are made by the Crown Cork & Seal Co. abroad?

Mr. TORRES. And by myself.

Mr. PALMER. Do you make them?

Mr. TORRES. Yes, sir.

Mr. PALMER. Do you make the Crown cork?

Mr. TORRES. Yes, sir.

Mr. PALMER. Do you represent the Crown Cork & Seal Co.?

Mr. TORRES. No; I do not, but there are about 11 different Crown manufacturers in the United States.

Mr. PALMER. Do you use their patents?

Mr. TORRES. The patent is off now. I import the disks from Spain and I make Crown corks here. I have about 125 people working for me.

Mr. PALMER. You want the duty on the disks reduced how much?

Mr. TORRES. Well, I ask 5 cents. I do not know what the Crown Cork & Seal Co. want. They want it reduced.

Mr. PALMER. Well, the Crown Cork & Seal Co. is a competitor of yours in making these things?

Mr. TORRES. Exactly, but they have a factory in Spain and another one here.

Mr. PALMER. I see, and do they make them here or over there?

Mr. TORRES. They make about 60 per cent here and they import about 40 per cent.

Mr. PALMER. About 40 per cent?

Mr. TORRES. About 40 per cent.

Mr. PALMER. Of their production?

Mr. TORRES. Of their disks, cork disks.

Mr. PALMER. Then would you want, as a manufacturer of disks, to get your raw material cheaper?

Mr. TORRES. Exactly.

Mr. PALMER. Would that result in lowering the price of the corks?

Mr. TORRES. Most decidedly. It will reduce the price of the crowns.

Mr. PALMER. It will?

Mr. TORRES. It will.

Mr. PALMER. What else do you make besides these disks?

Mr. TORRES. I import corks, paying 25 cents. Out of \$17,000 worth I imported \$10,500 worth. Consequently, I am very nearly the only one in the United States importing this article here.

Mr. PALMER. What do you make besides these Crown corks?

Mr. TORRES. Corks in Spain.

Mr. PALMER. Oh, you are a Spanish manufacturer, too?

Mr. TORRES. I am an American citizen, but I have a factory in Spain the same as the Crown Cork & Seal Co.

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Mr. PALMER. All of these American cork people have factories over there?

Mr. TORRES. Three or four. They have a factory there and a factory here, because there are some articles, some kind of cork, which you can not make here, because you can not find help to make them. We import only the finest grades, and make the lower and medium grades of cork here.

Mr. PALMER. What kind of corks do you make over there?

Mr. TORRES. Druggist and champagne corks.

Mr. PALMER. That is, above three-quarters of an inch?

Mr. TORRES. No; they are under three-quarters of an inch, the former. I imported \$10,000 worth out of \$17,000 worth imported last year.

Mr. PALMER. You want them reduced so that you can import more from your Spanish factory?

Mr. TORRES. If you reduce the duty to 10 cents, as I said, you can take my sworn statement that you will derive a hundred thousand dollars revenue in a year.

Mr. PALMER. That is, under three-quarters of an inch?

Mr. TORRES. Under three-quarters of an inch. The duty is prohibitive on 99 per cent of the corks used in this country.

Mr. PALMER. Are you manufacturing that class of corks on this side as well as on the other side?

Mr. TORRES. No.

Mr. PALMER. You speak purely as an importer?

Mr. TORRES. On this size; yes; as an importer.

Mr. PALMER. On that size?

Mr. TORRES. Yes.

Mr. PALMER. Do the Armstrong people manufacture that cork on both sides?

Mr. TORRES. I could not tell you, but I think the greatest majority of them are manufactured here. I imported \$10,000 worth out of \$17,000 worth. Consequently somebody else must only import \$6,000 worth.

Mr. PALMER. Only \$6,000 worth?

Mr. TORRES. Those are the figures by our books.

Mr. PALMER. That means they can make them cheaper here than they can make them abroad, is that your contention?

Mr. TORRES. They make them cheaper here, of course.

Mr. PALMER. What is this artificial cork?

Mr. TORRES. The artificial cork is a substance used with that kind of a cork [indicating sample]. I don't know what they call this here.

Mr. PALMER. Is this a piece of artificial cork [indicating sample]?

Mr. TORRES. Yes, sir. The consumption here is a million dollars worth.

Mr. PALMER. What is made of cork wood waste?

Mr. TORRES. Cork wood waste is worth about \$35 a ton in Spain. The Armstrong Co. sells this by the foot, and they charge $4\frac{1}{2}$ cents. A foot of this cork 1 inch thick weighs $1\frac{1}{2}$ pounds, so that if somebody else wants to import this cork the duty will amount to 9 cents, and it is sold in this country for $4\frac{1}{2}$.

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Mr. HARRISON. So that the duty is really 200 per cent ad valorem?

Mr. TORRES. Exactly; and it was sold last year at $4\frac{1}{2}$ cents.

Mr. PALMER. Is that stuff made abroad.

Mr. TORRES. This [indicating sample]?

Mr. PALMER. Yes.

Mr. TORRES. No; it is made here.

Mr. PALMER. I know that particular piece was, but is that character of article made abroad?

Mr. TORRES. I do not know of any great quantity—a very little quantity.

Mr. PALMER. Is not that the explanation of it, that it is purely an American article?

Mr. TORRES. No; there is some made abroad.

Mr. PALMER. For American consumption—an American concern?

Mr. TORRES. There is some made over there, in England. The English people can not buy granulated cork waste cheaper than the American can.

Mr. PALMER. They can get it cheaper?

Mr. TORRES. They can not get it. The amount used in this country is about a hundred times more than is used all over the world.

Mr. PALMER. Then, it would not be imported if you took the duty off?

Mr. TORRES. It might, if you took the duty off from abroad.

Mr. PALMER. What are the other manufactures of cork besides those you have mentioned?

Mr. TORRES. Well, they do not amount to very much.

Mr. PALMER. They do not amount to very much?

Mr. TORRES. You can see that nobody wants to have a hearing. I am the largest importer from the other side into the port of New York, and I only import \$160,000 worth of cork and cork disks.

Mr. PALMER. I understand that you, as an American manufacturer—

Mr. TORRES. Of crown corks.

Mr. PALMER. You want your disks at a lower rate?

Mr. TORRES. Yes, sir; exactly.

Mr. PALMER. And, as a Spanish manufacturer, you want the rates reduced, so that you can put all of your corks into this country?

Mr. TORRES. Not all of the corks, just some of the corks.

Mr. PALMER. Well, the larger proportion of them.

Mr. TORRES. 40 per cent of the cork disks are produced on the other side; 60 per cent come here.

Mr. PALMER. You can produce your corks in the Spanish factory cheaper than you can here?

Mr. TORRES. Oh, no. You can produce them cheaper, but not with the added duties.

Mr. PALMER. Well, without the duties.

Mr. TORRES. Without the duties; yes.

Mr. PALMER. How much?

Mr. TORRES. I think you can say it is five to three. For instance, I will give you an illustration—

Mr. PALMER. What do you mean by five to three?

Mr. TORRES. For instance, this cork—

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Mr. PALMER. What do you mean by five to three?

Mr. TORRES. \$5 to \$3. What costs you \$5 here will cost you \$3 there. For instance, this cork [indicating sample] is called 1½ inch, and this is the most popular cork for beer and wines. Take 3 pounds of this cork wood, which is worth about 8 cents a pound, and it will make 1 gross of corks. The manufacturer's cost will be 5 cents here. In Spain, it would be 3 cents, but if we import this cork the duties will be 12½ cents, so the cost of the cork wood will be 24 cents. The manufacturing cost here will be 5 cents. That represents 29 cents, and the duty if imported from Spain will be 12½ cents. In Spain we have to pay for cork wood just the same as the American people pay for it here, because the Armstrong Co. go there and buy it in large quantities.

Mr. PALMER. All of the cork wood comes from Spain and Portugal?

Mr. TORRES. Yes.

Mr. PALMER. And the price there is the same as it is here?

Mr. TORRES. Exactly.

Mr. PALMER. So that you do not save anything over there on the material?

Mr. TORRES. Absolutely nothing.

Mr. PALMER. The saving is in the labor cost?

Mr. TORRES. On labor, five to three, approximately 40 per cent.

Mr. PALMER. It is 60 per cent as much over there as it is here?

Mr. TORRES. What it will cost 3 cents to manufacture over there it will cost 5 cents to manufacture here.

Mr. PALMER. Yes; and these duties now more than cover that, do they?

Mr. TORRES. You have 29 cents as the cost of manufacture here. The Spanish people pay 27 cents, and they have a protection of 12½ cents gross, so that if you cut the duties in half they will still have the protection of 6 cents a gross.

The CHAIRMAN. Is there anything further?

Mr. PALMER. Does that proportion apply to paper as well?

Mr. TORRES. Oh, I could not tell you that, because I never manufactured paper. I have a factory on the other side, and if I can not make paper there I will make it here.

Mr. PALMER. Do you want the duty on paper reduced?

Mr. TORRES. I am indifferent. I do not import any, but I will make it both ways. If I can not import it, I will make it here.

The CHAIRMAN. Is that all?

Mr. TORRES. That is all for me.

The brief of Mr. Torres follows:

BRIEF OF JOSE TORRES, MANUFACTURER OF SPANISH CORKS AND BOTTLE STOPPERS,
52 TO 60 BOWNE STREET.

BROOKLYN, N. Y., January 25, 1913.

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: The cork industry has never received proper attention in the hands of the various Ways and Means Committees during the last 20 years, because the interested parties have always tried to minimize their importance.

More than \$4,000,000 worth of corks are used in this country every year. According to the Government reports, in 1912, \$1,891,372 worth of corks were imported. Of this,

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\$1,752,000 worth were cork disks, which have nothing to do with corks whatever, because these disks are imported by the crown cork manufacturers for their own use. If you take out the cork disks, you will find that only \$139,372 worth of corks were imported, or about 3 per cent of the amount used in the United States in one year.

Corks three-fourths inch and less in diameter, paying 25 cents per pound duty, are used by all the retail drug stores in the country, by chemical and patent-medicine manufacturers, ketchup, mucilage, inks, etc. Over \$1,500,000 worth of these corks are used here in the United States and only \$17,900 worth, or about 1 per cent, were imported from Europe during 1912, on which \$5,999 duties were collected. Only the highest grade of corks on this schedule can be imported from Europe. The reason why these corks appear to pay only 30.75 computed rate, is on account of their high price. The corks more in use are the middle grades, and these have prohibitory duties. Ninety-nine per cent can not be imported. In consequence the druggist trade is compelled to pay high prices for a very poor article, and the Government does not collect any revenue. Taking all the corks used on this schedule, they would have to pay, if imported, 150 per cent duty, as an average. During President Cleveland's administration these corks paid 15 cents per pound duty, but I call the attention of your committee, that even at that rate of duty the imports were very small. If you wish to open the European market for 20 or 25 per cent of these corks, you must put the duty at 10 cents per pound, instead of 25 cents, as they pay now, otherwise the consumer will have no relief and the Government will derive no revenue.

The corks over three-fourths inch in diameter, of which about \$2,500,000 worth are used yearly, pay now 15 cents per pound duty. If your committee wishes to derive some revenue and protect the consumer, allowing the cork manufacturers of this country to make a fair profit, you must put the rate of duty at 5 cents per pound.

The following facts will show plainly to your committee that there is, and has been for many years, something wrong on the cork schedule.

Cork, artificial, or cork substitute, manufactured from cork waste or granulated cork, pay a duty of 6 cents per pound. Over \$1,500,000 worth are sold in this country every year to the packers of Chicago, to large contractors, who build up ice plants, hospitals, etc. Only \$8 worth of this article was imported during 1912. It will be of interest to you to know that the cork board is sold at 4½ cents per square foot, of 1 inch in thickness, and that 1 square foot weighs 1½ pounds, which if imported would pay twice as much duty as the selling price in the United States.

I have to caution your committee on this point. If the Armstrong Cork Co. want to make a deal with you by reducing the duties on this particular schedule, even if you put it on the free list, the Government will derive no revenue, because the Armstrong Cork Co. can oversell any other outside manufacturer.

Now, it remains only the schedule paying 30 per cent ad valorem. This schedule comprises cigarette paper, cork soles used by the poor people in this country. If you reduce these to 20 per cent ad valorem you shall increase the revenue without injuring the fair profit of the cork manufacturers.

The petitioner is the largest cork importer into the port of New York, and has been in business for 35 years; has a factory in Spain and another in this country, and he knows what he is talking about.

Hoping that your committee will give my petition your full consideration, I remain,

Yours, very truly,

JOSE TORRES.

TESTIMONY OF EDWIN G. BAETJER, BALTIMORE, MD.

The witness was duly sworn by the chairman.

Mr. BAETJER. I notice you are administering the oath to the witnesses. My relation to the party I represent is as counsel and director, if that makes any difference.

The CHAIRMAN. We have administered the oath to all who have appeared before us.

Mr. BAETJER. I did not know that.

Mr. Chairman, I am here at the instance of the Crown Cork & Seal Co., of Baltimore City. That company is interested in the duty on corks, prescribed by section 429 of the present law, and the duties

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imposed by that section. The company is interested only in the one in the second clause:

Manufactured corks over three-fourths of an inch in diameter, measured at the larger end, 15 cents per pound.

In the other duties imposed by that section the company is not interested, nor have we sufficient knowledge of the business to be able to contribute anything for the information of the commission on the subject.

With respect, however, to the section which I have quoted, perhaps this company is, of all the importers, the one most largely interested. The corks over three-quarters of an inch in diameter include the cork disks which is the lining for the crown, the lining for a tin cap for a crown which forms now almost the universal method of sealing bottles of a certain class. The duty on that is 15 cents a pound, and there are approximately 10 gross of disks to a pound. That means approximately a duty of $1\frac{1}{2}$ cents a gross.

Of all the imports of cork under this section probably the disks form the larger portion. The total imports by the Crown Cork & Seal Co. during the last year amounted to approximately 1,800,000 pounds, and the duty paid upon that importation amounts therefore to about 2,900,000. That you will see, by consulting the revenue statistics, forms almost the larger portion of the imports of cork under this entire section.

Of the disks imported the Crown Cork & Seal Co. probably imported almost all, these figures including almost all the revenue derived from that particular source.

Our reasons for asking a reduction in the duty are these: This company is the manufacturer of crown caps, together with the machinery for applying them. The company is also at the present time engaged in the manufacture of these cork disks. It has a factory in the United States and has now also one in Spain.

Mr. HAMMOND. That is your company?

Mr. BAETJER. Yes, sir; the company that I represent. Primarily it is the raw material that the company would prefer to purchase over there, where there is a ready market for this product. It is, however, manufactured both here and abroad.

Our first reason for asking a reduction is this, that there is nothing in the protection of labor that is involved that requires any duty on these disks at all. The total amount of revenue last year from disks was apparently nearly \$300,000. The number of disks cut in the United States all together does not exceed 10,000,000 gross or 1,000,000 pounds, so that the total amount of duty is equivalent to twice the entire amount paid for labor in the United States upon that portion of the product produced here. There are a number of manufacturers; the Crown Cork & Seal Co. has a factory, and Mr. Torres has a factory; The Armstrong Cork Co. produce some, not very much. There are probably a dozen who are engaged in cutting cork disks in the United States, altogether. There are other manufacturers scattered pretty well over the country. Perhaps most of them are located in New York and Brooklyn.

Mr. PALMER. Your company is the chief purchaser?

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Mr. BAETJER. No, sir. We now manufacture all of our cork disks. We are not now purchasers from anyone. Until last year we were large purchasers of disks. At the present time the company is not a purchaser of disks at all; it is a manufacturer. This is a matter, however, rather of necessity, perhaps, than choice. Disks are made either in this country or in Spain. If you compare the relative labor cost in Spain and in the United States, it is apparent that there is absolutely no occasion for the duty, comparing the two factories operated by this company, one in Spain and one in the United States. It is evident that the labor cost in the United States is almost, if not quite, as low as in Spain. It is true that the wages paid to the individual laboring man in Spain is much less than in the United States, but it is equally true that the laborer here is much more efficient than in Spain, and also that the engineers and superintendents of this country have been much more successful in inventing labor-saving machinery and devices, so that the cost as a whole of manufacturing disks in the United States is nearly what it is in Spain. It is quite possible with the introduction of the labor-saving devices in Spain there may be a difference equivalent to a half cent a gross, but no more than that, making not more than 5 cents per pound of disks. You can very readily appreciate this when I tell you that the entire labor cost of the manufacture of these disks or corks is about 2 cents, which would be 20 cents or 18 cents a pound. The duty is 15 cents a pound alone. So that there is no possibility of any difference in labor between Spain and the United States. In fact, as far as we know, the labor cost is approximately the same in the two countries.

Mr. PALMER. Can you make disks here as cheaply as you can in Spain?

Mr. BAETJER. At the present time a little cheaper than in Spain.

Mr. PALMER. What in the world did you ever move to Spain for, then?

Mr. BAETJER. We did not move to Spain. The cork industry is a native of Spain, and originally almost all cork products were made in Spain. This company purchases, and has for years, a large portion of its supply in Spain. It did, however, later establish a factory in Baltimore, and that factory it has successively increased.

I do not know what the result of the duty would be. I do not know that I am prepared to state as a fact that the result of the duty remaining as it is would be a constant enlargement of the Baltimore plant and a withdrawal of the product of the Spanish plant, because that depends, perhaps, somewhat also on other factors.

The disk industry started in Spain, and the cork-cutting industry has been largely transferred to the United States, so far as the United States product is concerned; at all events so far as this product is concerned. To-day probably about 60 per cent of all disks produced, as far as we know, are made in Spain, and 40 per cent are made in the United States. Of course, other things being equal, the natural result is that production in the United States will continue to increase.

Mr. PALMER. Let me understand, now. The Crown Cork & Seal Co. was originally the owner of this patent crown?

Mr. BAETJER. That is correct.

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Mr. PALMER. It is a patented article?

Mr. BAETJER. Yes, sir.

Mr. PALMER. The patent has now expired?

Mr. BAETJER. It has.

Mr. PALMER. And it is being manufactured by other concerns than your own?

Mr. BAETJER. Yes, sir. Quite a number of concerns in the United States are engaged in the manufacture of it.

Mr. PALMER. What proportion of the total American production is now in the hands of the Crown Cork & Seal Co.?

Mr. BAETJER. That is a matter of controversy and dispute and accurate information upon that is impossible. I will tell you our own best judgment.

Mr. PALMER. What is that?

Mr. BAETJER. Our own judgment about that is the Crown Cork & Seal Co. makes over 80 per cent.

Mr. PALMER. Over 80 per cent?

Mr. BAETJER. Over 80 per cent.

Mr. PALMER. Of the finished crown corks?

Mr. BAETJER. Yes, sir; probably as high as 85 per cent. If it were not a subject of controversy, I think I should prefer to say it is 85 per cent.

Mr. PALMER. Do you also make this finished crown cork abroad?

Mr. BAETJER. No, sir.

Mr. PALMER. Is there not made abroad what is known as a tin cap crown?

Mr. BAETJER. Yes, sir; there is an English company which originally had the patent. That company is still continuing in business. But this particular cap has now been successfully introduced abroad and in the United States.

Mr. PALMER. What do you make in your Spanish factory?

Mr. BAETJER. Only the cork disks.

Mr. PALMER. Do you sell them to the English people who make these caps?

Mr. BAETJER. We have not up to this time.

Mr. PALMER. You make them for your own use?

Mr. BAETJER. We make them for ourselves.

Mr. PALMER. For your own use in America?

Mr. BAETJER. Yes, sir.

Mr. PALMER. As I understand your proposition it is this, that being in control of 85 per cent of the business in the making of these crown corks in this country and having a factory in Spain which makes the raw material for your American products, you want us to reduce the tariff on this raw material; is that it?

Mr. BAETJER. How far those factors will influence the committee of course is for the committee to determine. Our desire was that this is part of our raw material and to have the duty upon it reduced.

There are economic reasons for producing disks in Spain. It is the natural place to make cork products of all kinds. Whether it can continue with this duty I would not care positively to state. All the manufacturers other than ourselves, however, have found it profitable to transfer the entire cork cutting industry to the United States

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rather than to pay the duty. I think we are substantially the only ones who have not completely made the transfer.

Mr. PALMER. Have you any thought of doing so if this duty remains?

Mr. BAETJER. I would not care to say that, because it would sound very much as if it were holding out an inducement to the committee. I would say probably our experience would likely be that of other manufacturers. As a matter of fact, we are increasing, and we had intended to increase our Baltimore factory. To say now we will abandon the manufacture more or less in Spain and transfer it to Baltimore, under these circumstances, I would not like to say. I would rather have you judge from just the facts as they exist.

Mr. PALMER. It strikes me that if these cork disks must be imported it is a very proper matter for protection, and that it is a revenue proposition.

Mr. BAETJER. I am not sure that with this duty they could continue to be imported at any such rate. It may be. There is an advantage in producing in Spain. That, however, does not arise from labor conditions there. It arises from the ability to dispose of corkwood by-products in Spain, which is the natural place to make them.

Mr. PALMER. Is the price of the raw material the same over there as here?

Mr. BAETJER. The price of the raw material is the same, apart from the very large item of freight, in the sense, of course, that anyone over here can go there and buy. The price of the raw material is not in fact the same, for the reason that only a comparatively small portion of the total corkwood output of the world is available for the manufacture of disks: probably less than 5 per cent. In the manufacture of disks and the selecting of corkwood suitable for their manufacture, from 80 to 90 per cent is waste.

The United States takes very much more than its proportion of the disk supply of the world, but it does not take that same proportion of by-products. Therefore Spain is the home of the corkwood industry, and inasmuch as all other grades of corkwood are used there and the by-products are sold over there, it is the natural place to actually buy and make the disks. The raw material actually brought here is not quite as cheap for that reason, because we have not the facility for selection as if we actually bought the raw material in Spain. I do not think anyone has ever succeeded in quite doing that.

But for that factor there would be no question that the entire industry would be transferred under this duty to the United States, or certainly a large portion of it.

Mr. PALMER. Do you make any of the disks in your Baltimore factory?

Mr. BAETJER. Oh, yes.

Mr. PALMER. Do you make them from corkwood?

Mr. BAETJER. Oh, yes; we import corkwood from Spain and make them.

Mr. PALMER. You also import the disks?

Mr. BAETJER. We import disks made at the Spanish factory.

Mr. PALMER. What proportion of the total imports in the country are your imports?

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Mr. BAETJER. You mean the total imports of disks?

Mr. PALMER. Yes.

Mr. BAETJER. Into this country?

Mr. PALMER. Yes.

Mr. BAETJER. Almost all of them, I think. I heard Mr. Torres say that he and ourselves were almost the only importers. While we have not the statistics to show the exact importations, because it may be that company might receive crowns that would be counted in one fiscal year for revenue purposes, and in another year for the purposes of the Crown Cork & Seal Co., yet based on revenue statistics, the importations must be altogether to his company and to the Crown Cork & Seal Co. of Baltimore.

Mr. PALMER. Did you formerly buy cork disks from the Armstrong Cork Co.?

Mr. BAETJER. We bought some up to a few years ago.

Mr. PALMER. At one time you bought practically all of them?

Mr. BAETJER. That probably antedated any close connection of mine with the company. My connection dates back five or six years. I know we were large purchasers, and that our purchases have been constantly decreasing until they are now nothing.

Mr. PALMER. Is not this the history of it—when the Crown Cork & Seal Co. was first organized, and for many years, the Armstrong Cork Co. supplied these cork disks, and that cork disks were a very large proportion of the product of the Armstrong Cork Co., then you built your factory in Spain and you found you could make disks over there in Spain, import them to this country, pay the duty of 15 per cent, and lay them down in Baltimore cheaper than you could buy them from the Armstrong Cork Co., which had to make them in this country?

Mr. BAETJER. I do not think that is quite accurately the history. The company was a very large purchaser from the Armstrong Co. I did not know it ever bought all from the Armstrong Co. It subsequently purchased disks from several manufacturers in Spain. It did not originally build its plant in Spain. In fact, the actual ownership of the plant in Spain is of very recent date.

Mr. PALMER. You bought them over there because you could buy them cheaper than you could buy them from the Armstrong Co.?

Mr. BAETJER. In part; it was also because the Armstrong Co. refused to supply us with the quantity of disks we needed.

Mr. PALMER. If that is so, it must also be true that they can be made cheaper over there. If you bought them there on that account and paid 15 per cent duty and got them here at a less price than the Armstrong people could sell them to you, are you not mistaken in saying that they can not be made any cheaper in Spain than here?

Mr. BAETJER. No; I am not mistaken in saying the labor cost in Spain is not cheaper than in the United States. So far as there is an advantage in buying in Spain it arises entirely from the fact you have a better market in Spain for the grades of corkwood you have to buy but can not use in cork manufacturing. We have accurate statistics as to the actual cost of manufacture both in Spain and here, and to-day the American factory has a little lower labor cost than the Spain factory. That is partly due to the ingenuity dis-

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played in equipping the machinery and partly due to the great efficiency of the men. But the actual labor expense is not lower in Spain than in the United States.

So far as there is an advantage in manufacturing in Spain, it arises from the factor I tell you about rather than from the labor factor. So far as I know the labor factor is at best a very slight one.

Mr. PALMER. This is a pretty good revenue duty.

Mr. BAETJER. Yes. I might add this also as a factor, in dealing with Spain, which I had forgotten. If you buy corkwood and make disks in the United States you pay no duty to the United States, but you pay an export duty to Spain, and you also pay a very heavy freight charge.

Mr. PALMER. It is a very small export duty.

Mr. BAETJER. Commuted into the value of disks it amounts to about 3 cents a pound. It is levied on the value of the corkwood. Only a small portion of the corkwood is actually converted into merchantable disks and charging the duty against the disks it will run to about 3 cents a pound. The difference in the freight cost will increase that to nearly 7 cents a pound, not on the gross value of the wood, but upon that portion of it which is finally converted into merchantable disks, which is only about 10 per cent of the whole. That is a wasteful process, and so far as there is any advantage it lies there and in the ability to resell the useless portions of it in Spain.

Mr. PALMER. It seems to me rather a remarkable position for an American manufacturer to take, that after he has built a plant in a foreign country to come here and ask us to reduce the duty to get his product into this country when it costs him as much over in Spain to produce it as it does here.

Mr. BAETJER. I am afraid I do not understand you. I would like to have the question repeated.

Mr. PALMER. I was not asking a question. I say it strikes me as rather a remarkable position for an American manufacturer to take who has moved his plant over to Spain to come here and ask us to remove the duty so as to get his product back into this country.

Mr. BAETJER. I think that would be remarkable, but if I may suggest, that is on a little false assumption. We have not moved our plant to Spain.

Mr. PALMER. You have built a plant in Spain to supply your American needs.

Mr. BAETJER. No; that is also incorrect. We were dealing with the Armstrong Co., and then dealt with the Spanish company, for two reasons. Primarily, I think the cost was the same—very close to the same. We could not, however, get all the disks we wanted from the Armstrong Co., nor were we willing to rely upon one company at the time. Another Spanish company began to bid for disks, and we began to buy from the Spanish company.

In the meantime when we wanted to establish a plant we did not establish it in Spain; we established then our own plant in Baltimore, which was later, and that plant has been successively enlarged. Very recently for other reasons we took over the plant that belonged to the Spaniards. Whether the business shall be diverted from one to the other is of course largely a question of costs. But I say every

PARAGRAPH 429—CORK.

manufacturer other than ourselves, who in the last four years has gone into the disk business has not located in Spain. They import their cork wood. There is cut altogether here from ten to twelve million gross. They claim 15,000,000. I think probably ten is closer. The other manufacturers claim their output is much larger and that the total cutting would amount in this country to about 15,000,000 gross, but probably 12,000,000 is more nearly correct. Fifteen million is not so far from what we cut in Spain.

Mr. PALMER. After all, what you are asking us to do is to write a rate that will make it possible for you to continue your business over in Spain?

Mr. BAETJER. No; I would not put it that way. I do not think that is correct. I think that it is economically proper to produce this in Spain. To produce it in the United States is a wasteful process. We waste the Spanish export duty and a very great deal of freight and a great deal of useless expense by manufacturing at a point which is not the best point economically to manufacture. I do not think that that can be denied. The duty of course does make it more profitable for certain people who produce in limited amounts to manufacture it in the United States.

I am not in a position to say, as I told you, that we will undertake to continue our plant. The plant in Spain is a small plant. Our plant is a small plant in the sense that the value of the plant is a relatively small unit, a small portion of our business. In fact the total cost of the plant itself is hardly more than one year's duty on its output.

Mr. PALMER. So this duty is not protecting anybody now unless it be perhaps at the outside 15 per cent of the American production?

Mr. BAETJER. Fifteen per cent is our judgment; theirs is 25 per cent—whichever is correct.

Mr. PALMER. It is no protection to you; you do not care anything about this duty as a protection. You ask to have it cut down?

Mr. BAETJER. No, sir; we do not care for it. It is our raw material. We are in the position of every manufacturer in seeking our raw material at the best rates. So far as this company is concerned, the disks are its raw material.

Mr. PALMER. I think an American manufacturer who builds his plant in Spain ought to be willing to pay some revenue to the Government.

Mr. BAETJER. I do not want to be too persistent; I only want to be sure you do not understand that this manufacturer moved his plant to Spain, in the sense you use it. It was the purchase of raw material. When we built our plant we erected it in this country, at great disadvantage; then later took over the other plant, and now we operate both of them.

The CHAIRMAN. The next witness is Myers P. Hoffman. Mr. Hoffman does not appear to be present.

The next is Mr. Albert Davis. Mr Davis does not appear to be present.

PARAGRAPH 429—CORK.

**PETITION OF FERDINAND GUTMANN & CO., NEW YORK, FOR
REDUCTION OF DUTIES ON CORK.**

I. General conditions of the cork trade.—The petitioners have been engaged in the business of importing cork for upward of 20 years and are thoroughly acquainted with the cork trade in this country and abroad. They ask that the duties imposed by the present law (sec. 429) be reduced. The effect of these duties is to prohibit the importation of cork products of the lower and medium grades. Only cork of the highest and most expensive grades can be imported at all, and, for reasons hereafter stated, that can be imported only at a cost far above its intrinsic value.

To give a clear understanding of the petitioner's reasons for asking these reductions of duty it will be desirable to explain briefly the way in which cork bark is procured and the manner in which its various products are manufactured in this country and abroad. It is a natural product, grown principally in certain parts of Spain and Portugal. Like other natural products, the grade of the commodity grown in any particular district or upon any particular tree, varies from year to year, depending upon natural causes. From an examination of a sheet of the bark as it comes from the trees and before it is cut into strips or squares it is impossible for any expert to determine the quality of the material or the quantity of marketable cork that it will produce. It is not even possible to assume that all of the cork taken at one time from one tree or even all of the cork contained in one sheet of bark will be uniform in quality. It is only after the material has been partially manufactured that its porosity and other characteristics can be learned. All cork is fit for some purpose, but the purposes for which cork of the several qualities is suitable differ and there is a material difference in the value of material of the several grades. In the trade certain grades have been established into which the material is divided, during its manufacture, and the most important process in its manufacture is the assortment of the pieces into which the bark is cut, so that those allotted to any one class or grade shall be of uniform quality. No machine has been or can be devised which would be capable of doing this work. It has to be done by hand and by persons who, through long experience, have become expert in that art. In Spain and Portugal there is a class of people whose sole occupation it is to assort cork. The operation is a very tedious one, requiring not only high degree of skill, but close and consistent application to the work. According to the standards of American labor the tax thus made upon the faculties of the operative is out of all proportion to the small value of the cork, even after it has been properly assorted. In one large Spanish factory the average change in the personnel of employees has been found to be only 4 per cent per annum, while in a factory which the petitioners attempted to operate in the United States on a plane of efficiency equal to that prevailing in Spain but 6 per cent of the employees remained after the factory had been in operation for 17 months. That was not occasioned by dissatisfaction with the wages paid. The women employed were paid as much as \$14 a week. Most of them left to take positions paying only \$7 and gave as their reason for leaving, their unwillingness to devote to the work the close and consistent attention essential for the proper assortment of the cork. These facts are mentioned to show that in the nature of things the cork industry is not one in which the United States can hope to compete with Spain, however long the domestic industry might receive protection amounting to prohibition.

Cork bark in the form in which it is taken from the trees and before being cut into strips or pieces, is classed as raw material, and may be imported free of duty under the tariff act of 1909. There are about fifteen firms in this country engaged in importing the raw material and the manufacture of various cork products. Of these, one firm produces about 80 per cent of the entire amount of cork manufactured in the United States. This firm, known as the Armstrong Cork Co., was formed many years ago by the merger of the Canastota Cork Co., Lancaster Cork Co., Truslow & Co., the Williamsburg Co., and all of the more important manufacturers of cork. Since the merger, a new system of grading cork has come into use, and the market prices of cork of all grades have been increased. The prices charged by all manufacturers have been practically the same as those published from time to time by the Armstrong Co.

As stated above, the duty imposed by the tariff act of 1909 has prevented and does prevent the importation of manufactured cork of the lower and medium grades and, as to them, the American manufacturers have a monopoly, with one firm doing 80 per cent of the business. To illustrate the operation of the present law and the way in which it discriminates against the lower grades of cork, or those which enter into

PARAGRAPH 429—CORK.

common use, we give the comparative costs of importation and the selling prices of cork of the higher and the lower grade:

	Cents
Lower grade:	
Cost in Spain.....per gross..	16
Duty.....do.....	15½
Freight.....do.....	1½
Total cost of importation.....do.....	33
Selling price in United States.....do.....	35
Higher grade:	
Cost in Spain.....do.....	40
Duty (weight per gross of high-grade cork is less than weight of low-grade cork).....per gross..	13½
Freight.....do.....	1½
Total cost of importation.....do.....	55
Selling price in United States.....do.....	70

It will be seen that the margin between the bare cost of importation and the selling price of cork of the lower grade is too small to cover the outlay that an importer would have to make as interest upon the money involved in the transaction, cost of handling the material, and selling it, together with a reasonable profit. In the case of high-grade cork, the margin between the cost of importation and the selling price in the United States is ample.

The result of this is that American manufacturers are given a monopoly in cork of the lower and medium grades. That leads to an undue increase of the market price of the higher grades, which is not by any means attributable to, or commensurate with, the duty imposed by the present law. In consequence of the lack of uniformity in quality of cork bark, a foreign producer will not agree to supply an American importer with cork of the higher grade at the market rate which prevails in Europe. The bottling system prevailing in Europe is different from that prevailing in America. Necessarily there is a difference in the sizes of the corks used here and abroad. The foreign manufacturer tells the American importer that he will supply him with American sizes at the European rates, provided that he will take, along with cork of the higher grade, that of the lower and medium grades. It being impossible for the American to import cork of the medium and lower grades, the foreign manufacturer, accordingly, increases his rate for the higher grade to a point which will indemnify him for the loss of the cork which could be used for articles of the medium and lower grades. For the American sizes of such articles, there would be no sale abroad and the material would become waste. The result is that the American importer is obliged to pay more for his cork than it is worth and must sell it in this country for more than it is worth. This enables the American manufacturers to market their product at more than a fair profit over the cost or production, without fear of competition from imported material.

II. *Reductions of duty desired; reasons for asking them.*—Section 429 of the tariff act of 1909 reads: "Cork bark cut into squares, cubes, or quarters, 8 cents per pound.

Manufactured corks over three-fourths of an inch in diameter, measured at the larger end, 15 cents per pound.

Three-fourths of an inch and less in diameter, measured at the larger end, 25 cents per pound.

Cork, artificial, or cork substitutes, manufactured, or cork waste or granulated cork, and not otherwise provided for in this section, 6 cents per pound. Manufactures wholly or in chief value of cork or of cork bark or of artificial cork or cork substitutes, granulated or ground cork not specially provided for in this section, 30 per cent ad valorem."

The petitioner asks that the following reductions of duty be made:

(1) Cork bark cut in squares, cubes, or quarters, from 8 cents per pound to 5 cents per pound.

(2) Manufactured corks over three-fourths of an inch in diameter, measured at the larger end, from 15 cents per pound to 8 cents per pound.

(3) Manufactured corks three-fourths of an inch and less in diameter, from 25 cents per pound to 10 cents per pound.

(4) Cork, artificial, or cork substitutes, etc., from 6 cents per pound to 4 cents per pound.

(5) Manufactures wholly or in chief value of cork or cork bark, etc., from 30 per cent ad valorem to 20 per cent ad valorem.

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It is the belief of the petitioner and other importers of manufactured, or partly manufactured, articles, that, with these reductions of duty, cork of the lower and medium grades, i. e., the kind which is suitable for general use, could be imported and marketed in competition with cork of domestic manufacture. This would result not only in lowering the price of cork of these grades, but also in a much greater decrease of the price of the higher grade. It would result also in an improvement in the quality of the material. It would lead to larger imports and an increase of the revenue derived from them.

Taking an average of the values of cork of all grades, a duty of 8 cents per pound for corks over three-fourths of an inch in diameter (the rate proposed, *supra*) would be equivalent to an ad valorem duty of from 25 to 30 per cent. That would cover, fairly, the difference between the labor cost here and in Spain.

In the case of corks of three-fourths of an inch in diameter or less, the present duty of 25 cents per pound results in a serious burden to the people in general. Cork of this grade, which is imported and put in competition with material of domestic manufacture, represents only 1 per cent of the total amount used in this country. Most of the cork manufactured in this size is of the type known in the trade as taper corks. They are used almost exclusively for the bottling of medicines. Last year the imports amounted to only \$17,700, out of \$1,500,000 worth consumed in the United States.

III. *Decrease of duty would result in increase of imports and increase of revenue.*—If the duty on manufactured corks over three-fourths of an inch in diameter were reduced from 15 cents a pound to 8 cents, it is believed that the quantity imported would be increased at least three times, and the revenue that the United States would derive from such increased imports, at the rate of 8 cents a pound, would be at least \$200,000. The revenue derived from imports at the present rate (15 cents per pound) was about \$135,000.

In addition to corks proper, which are completed articles, available for immediate use as stoppers, a large business has grown up in what are known as cork disks, or thin wafers of cork, which are used chiefly in the manufacture of patent stoppers. These stoppers are usually composed of a metal cap, having a lining of paper and a second lining of cork. The annual consumption of corks proper in this country amounts to about \$4,000,000. According to the official report for 1912, importations of cork amounted to \$1,891,372. Of the latter amount, cork disks made up \$1,752,000. Of corks proper, importations were made to the amount of only \$139,372.

It is believed that if the duty on cork disks of more than three-fourths of an inch in diameter were reduced from 15 cents to 8 cents, the quantity imported would be doubled, at least, and that the Government would receive about the same revenue from imports of such articles as it receives now, but that with the prospective growth of the bottling trade, and the corresponding increase of the demand for disks, a larger proportion of imported disks would be used and, in consequence, there would be an increase of the Government's revenue.

In the case of corks of three-fourths of an inch diameter and less it is estimated that with the duty fixed at 10 cents per pound (the rate proposed, *supra*), about 25 per cent of the entire amount consumed annually would be imported and that the Government's revenue from imports would be at least \$125,000 a year. If the duty were reduced to 8 cents per pound, 40 per cent of the corks used would be imported and the revenue would amount to \$180,000 a year. If the duty were reduced to 5 cents per pound, at least 60 per cent of the quantity of corks used would be imported and the revenue would be increased to \$225,000 a year.

In the remaining classes, "Artificial cork or substitutes for cork, manufactured from waste," and "Manufactures wholly or in chief value of cork," it is believed that the proposed reductions of duty would permit the importation of materials now excluded by the prohibitive duty; that the Government would derive revenue from such importations, and that, in consequence of competition between the domestic and imported articles, the people of the country would be supplied with better and cheaper articles, without depriving domestic manufacturers of fair and reasonable profit.

IV. *Changes desired in the phraseology of the present law and its administration.*—The business in cork disks is one of comparatively recent origin, yet, at the present time, cork disks make up about 90 per cent of the total value of all cork imported. The conditions affecting that business are different from those which govern the trade in corks proper, and it is believed that it would be to the advantage of the Government, of consumers, and of dealers, if separate classification were to be made of cork and cork disks.

JAMES H. HAYDEN,
Attorney for Ferdinand Gutmann & Co.

PARAGRAPH 429—CORK.

BRIEF OF THE ARMSTRONG CORK CO.

HON. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.

SIR: Article 429 of the tariff act of August 5, 1909, on imports into the United States reads:

"Cork bark cut into squares, cubes, or quarters, eight cents per pound; manufactured corks over three-fourths of an inch in diameter, measured at larger end, fifteen cents per pound; three-fourths of an inch and less in diameter, measured at larger end, twenty-five cents per pound; cork, artificial, or cork substitutes, manufactured from cork waste or granulated cork, and not otherwise provided for in this section, six cents per pound; manufactures, wholly or in chief value of cork, or of cork bark, or of artificial cork or cork substitutes, granulated or ground cork, not specially provided for in this section, thirty per centum ad valorem."

All of the cork bark used in the United States is imported, practically all coming from Spain, Portugal, and Algeria. The great volume of manufactured cork is from Spain, but occasional lots come from Portugal and other European countries.

The total annual consumption of corks in the United States is between \$6,000,000 and \$7,000,000, and in the year ending June 30, 1912, manufactured cork to the value of \$2,178,085 was imported, on which the United States Government collected \$437,991.98 in duties.

We call special attention to the fact that in the records of "Imports entered for consumption," compiled by the Department of Commerce and Labor, cork bark suitable and used for making corks has not been kept in a class separate from cork waste, granulated cork, etc., which latter materials are used for other purposes and not at all in the making of corks. As the imports have grown rapidly of late years, a natural inference from the statistics would be that there has been a corresponding increase in the volume of corks manufactured in the United States, but this is not the case. During the last five years there has been a great development in the business of cork insulation, and very large quantities of cork waste have been imported for that purpose and also for use in the linoleum industry. The statistics show the average value per pound of the corkwood or cork bark unmanufactured to be \$0.03 in 1908, \$0.026 in 1909-10, and \$0.027 for the year ending June 30, 1912. These figures are very misleading, as they are really an average of the value of the cork waste and cork bark. The value of cork waste fluctuates widely and varies from \$0.01 to \$0.02 per pound, while the average value of cork bark used for cork making is \$0.10 per pound and the fluctuation is within narrow limits. As nearly as we can estimate, the \$3,247,086 free imports shown in the statistics for the year ending June 30, 1912, are made up of \$2,000,000 for cork bark suitable for cork making, the balance representing the value of cork waste, granulated cork, etc.

We copy from the Government statistics the following figures, showing the percentage of the total cork imports which contributed to the revenue of the United States Government:

	Free.	Dutiable.	Revenue.	Ad valorem.	Per cent dutiable to total. ¹
1908.....	\$2,092,732.00	\$2,006,689.50	\$417,818.27	20.82	48.9
1909.....	2,016,534.00	1,102,426.15	234,045.63	21.23	35.3
1910.....	3,152,280.00	1,551,619.10	317,532.14	20.47	32.9
191 ¹	4,286,760.00	2,389,745.21	453,987.36	19.00	35.8
1912.....	3,247,086.00	2,178,085.00	437,991.98	20.11	41.5

¹ This column was added by us.

Taking the year 1912 and assuming \$2,000,000 to be the value of the cork bark suitable for cork making, the imports of dutiable material are in excess of the value of the raw material employed in this country for the manufacture of corks. In other words, approximately 50 per cent of the manufactured corks consumed in this country are made abroad and are brought in under the present duties.

This company manufactures at its Spanish plant practically all of the cork insoles, life-preserver blocks, and seine floats which it sells, and which articles pay duty under the 30 per cent ad valorem clause. It is much more economical to pay this duty than

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to manufacture them in America. We naturally dislike the idea of being forced, by a reduction in the tariff, to increase our plant abroad and do a larger portion of our manufacturing there. It would practically necessitate the duplication of our manufacturing facilities of all kinds in Spain, and it would mean at least the partial dismantling of our American plant, which would result in very heavy pecuniary loss.

For your better understanding of cork commodities, we make the following statement:

Cork bark cut into squares, cubes, or quarters is corks partly manufactured. Formerly all corks were made in this way, but the process is practically obsolete; consequently, the importations of this article are small and will probably disappear entirely in the course of a few years. Exhibit 1 shows a few specimens of cork squares or quarters.

The clause reading "Manufactured corks over three fourths of an inch in diameter, measured at larger end, fifteen cents per pound; three fourths of an inch and less in diameter, measured at larger end, twenty five cents per pound," covers manufactured corks of all kinds. Corks naturally divide themselves into two general classes—

(a) Corks having a diameter of $\frac{3}{4}$ inch or less. (Exhibit 2.)

(b) Those having a diameter of more than $\frac{3}{4}$ inch. (Exhibit 3.) In this class are included disks, or caps, thin circular wafers of cork, employed as liners for tin caps used in the systems of bottle closure represented by the device commonly known as the "crown" or "crown cork." (Exhibit 4.)

Corks of class A are used principally by pharmacists, manufacturing chemists, patent medicine manufacturers, and for whiskey flasks and similar purposes. The quality varies greatly, and the manufactured corks range in value from 50 cents to \$1 or more per pound, depending upon the quality of the cork bark from which they are made and the percentage rejected as being unsuited for the grade desired.

Class B.—The majority of corks coming under this class are used by bottlers of water, wine, beer, whiskey, oils, condiments, etc., but a small proportion are used for wide mouth bottles, jugs, barrels, etc.

Class B also includes disks or wafers of cork, not used as stoppers but as liners for "crown" or similar caps, which have largely displaced the old style straight bottle cork. These are practically of one quality, as porous or low quality disks will not make a tight closure. The present duty is equivalent to an ad valorem rate of less than 20 per cent, and is not sufficient to enable the home manufacturer to produce these disks in competition with Europe. Of the disks used in the United States fully 75 per cent are made abroad and imported under the present tariff. A reduction would probably increase the imports slightly, but would surely destroy the little of this business left to the American manufacturer. There would be a heavy net loss in revenue to the United States Government, and it is altogether unlikely that the American consumer would get the benefit of any cut in the duty.

The clause reading "Cork, artificial, or cork substitutes, manufactured from cork waste or granulated cork, and not otherwise provided for in this section, six cents per pound" we think was meant to cover cork compositions designed for the manufacture of cork stoppers. (Exhibit 5.) This substitute for cork has not been very satisfactory, very little of the material is used, and consequently this clause of article 429 is, at the present time, of comparatively little importance.

The last clause of article 429, reading "Manufactures, wholly or in chief value of cork, or of cork bark, or of artificial cork or cork substitutes, granulated or ground cork, not specially provided for in this section, thirty per centum ad valorem," covers all other manufactures of cork. The commodities of principal value coming under this head are:

Cork paper, used principally for tips of cigarettes. (Exhibit 6.)

Seine corks or floats, used on fishing nets. (Exhibit 7.)

Cork insoles. (Exhibit 8.)

Blocks of cork, solid or pieced together, for filling pockets of life preservers. (Exhibit 9.)

A few words in reference to these items may be of service to your committee.

Cork paper is an article which has assumed considerable importance during the last few years. At least 65 per cent of that consumed in the United States is imported, coming from Germany, Holland, and Spain. The tariff of 30 per cent ad valorem does not cover the difference in the cost of manufacture.

SEINE FLOATS, CORK INSOLES, AND LIFE-PRESERVER BLOCKS.

These items are not of great importance, and practically all used in the United States are manufactured abroad. We find it is more economical to make them in

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Spain and pay the present duty than to manufacture in the United States. The only effect of lowering the duty on these articles would be to lessen the revenue derived by the Government.

The wages of skilled and unskilled workers in the United States are at least three times those paid in Spain, as can be seen from the rates given below. The impression prevails that American workers are much more efficient than Spanish or Portuguese. This is a mistake. We operate a factory in Seville, Spain, for the manufacture of cork commodities, such as disks, insoles, life-preserver blocks, seine floats, etc., and our experience is that the Spaniard is a very apt and intelligent workman in this industry, which had its origin in Spain, and is capable of producing as much product per man in the same number of hours as an American.

Rates per week of 54 hours.

	Spain.	United States.
Cork-bark sorters	\$5.00-\$6.00	\$13.00-\$20.00
Cork slicers	4.00- 5.00	13.00- 14.00
Cork punchers	4.00- 5.00	15.00- 20.00
Machine operatives	1.50- 2.50	6.00- 9.00
Sorters of corks	1.50- 2.50	7.00- 9.00
Common labor	3.00	10.00
Boys	2.00- 2.50	5.00- 9.00

We greatly prefer specific to ad valorem duties, and in our industry consider the specific rates absolutely necessary if the full duty is to be collected. Aside from cork disks, the importations of corks are made up of numerous sizes and qualities. It is practically impossible to find appraisers with the necessary technical knowledge of cork commodities, and our experience was that undervaluation was the rule rather than the exception under the ad valorem tariff preceding the McKinley bill, and the abuse, which made it impossible for an honest house to import corks and compete with unscrupulous ones that did not pay duty on the true value of their imports, stopped only when the ad valorem was superseded by a specific tariff. We believe that the same conditions would be reestablished if ad valorem were substituted for specific rates. The evasion of the duties means a serious loss in revenue to the Government and also works a hardship on the American manufacturer and the honest importer.

In general, we state our conviction that the duties on corks and manufactures of cork, as provided in the present tariff, are not excessive and the equivalent ad valorem is low compared with most other articles on which duty is collected.

There are engaged in the cork manufacturing industry in this country at least 20 firms and companies, employing not less than 2,000 men and 3,000 women, who have steady employment at good wages. Cork cutting is a close competitive business, absolutely free from any agreements or understandings between manufacturers. There are no patented processes or machines to afford any manufacturer a monopoly or any special advantage over his competitors. The margin of profit is not sufficient to enable the manufacturer to make any material reduction in his selling prices without first lessening the cost of production in some manner. Automatic cork-cutting machinery has been pretty well developed, and it is difficult to see how any material lessening of cost can be brought about by machinery improvement. The American manufacturer formerly had some advantage over his foreign competitor in this respect, but during the last 10 years the foreign manufacturers have installed a great deal of modern up-to-date machinery and appliances, and they are, therefore, able to make keener competition.

Spain imposes an export duty on all cork bark of 5 pesetas gold per 100 kilos, equivalent to 45 cents per 100 pounds. There is a strong agitation for higher export rates and a great probability that an increase will be made.

Owing to the higher cost of production, the American manufacturer can not successfully compete with European houses for foreign trade. Our exports are insignificant, an occasional small shipment going to Canada, Mexico, Cuba, or Central America.

Respectfully submitted.

ARMSTRONG CORK CO.,
CHAS. D. ARMSTRONG,
President.

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THE CHICAGO CORK WORKS CO., CHICAGO, ILL., WRITE IN
REGARD TO TARIFF ON CORK.

CHICAGO, January 25, 1913.

Hon. OSCAR UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The total annual sales of manufactured corks in the United States is approximately \$6,000,000. Of this amount there was imported in 1912 \$2,178,085, on which duties were paid \$437,991, making a total of \$2,616,076, import value, the selling value of which would equal one-half the total sales.

Practically all of the importations of corks are from Spain and Portugal. The present duties on an ad valorem basis are a trifle over 20 per cent, which is certainly not excessive when compared with the vast majority of articles imported on which duty is paid. Also consider that the labor in Spain in the manufacture of corks is not paid more than one-quarter to one-third as much as it is in the United States, and a man in Spain will produce as much in the same number of hours as in the United States; the fallacious notion to the contrary notwithstanding.

The above are all facts which can be verified and you do not need to take the word of any manufacturer or importer.

We would also call your attention to the fact that Government statistics do not show the value of corkwood (from which corks are made) imported, for the reason that they have made no distinction between corkwood and cork waste, and there are vast quantities of waste imported for insulation purposes, to say nothing of that used for linoleum.

If duties are lowered some of the larger people will doubtless manufacture in Spain, but small factories like ourselves can not do so, and the lowering of the duty further on corks will work a hardship on the small manufacturer and the labor which is thrown out of employment thereby. Moreover it is practically certain that the revenue now produced by this industry will, in that event, be less than at present.

Some years ago, when the duty was ad valorem, there was a great deal of undervaluation which puts the honest importer at a great disadvantage, and the duty should by all means be specific.

We pray that the duty be not lowered.

Respectfully submitted.

CHICAGO CORK WORKS CO.,
S. D. SIMPSON, *President.*

BRIEF OF THE INTERNATIONAL CORK CO., BROOKLYN, N. Y.,
IN RE CORKS AND CORK PRODUCTS.

BROOKLYN, N. Y., January 28, 1913.

Hon. OSCAR W. UNDERWOOD,

*Chairman Committee on Ways and Means,**House of Representatives, Washington, D. C.*

HONORABLE SIR: Your attention is respectfully referred to the following facts relating to the present import duties on corks and cork products. We shall practically confine ourselves to a discussion of the following, which are the kinds that we manufacture: Cork bark squares or cubes; manufactured corks, three-fourths inch or less in diameter, of large end; manufactured corks, larger than three-fourths inch in diameter of large end; cork disks, one-eighth inch or less in thickness.

Existing conditions are not any too favorable for the American manufacturers of corks, and after you have made a thorough investigation we know you will not find it advisable to suggest any appreciable reduction in duties.

None of the evils which it is your purpose to remedy exist in our line. Competition among the various manufacturers is very keen, and the result is that the price the consumer pays for corks is much less than ever before. Even at the extremely low prices prevailing, the foreign manufacturers can compete successfully. You will find that there were practically no corks exported from the United States, and the records will also show that there has been no decrease in importations.

Importers, who have an interest in a change, may contend that a reduction is needed. They may point to different classes on which the importation has diminished. While these arguments may seem plausible enough, the fact is that the American manufacturers have also lost business in many kinds of corks. This is due principally to the continued introduction of patent stoppers, which take the place of corks.

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During the year 1912 importations amounted to \$2,178,085. When you consider that the entire consumption in the United States amounts to only \$6,000,000 to \$6,500,000, you can see that the manufacturers here are really in direct competition with foreign producers.

The price of corks has now reached the very bottom, and the importers would naturally gauge their selling price by the lowest figure at which the American manufacturers can compete. The only possible saving would be in a slight reduction intended to make manufacturing here impossible. The result would be that the manufacturers would lose the business, with no ultimate benefit to the consumer.

As a large part of our capital is invested in plant and machinery you can readily see that such a reduction would be the cause of a great economic loss, as well as the loss of employment to several thousand people. We employ from three to four hundred, the number varying according to the season of the year.

Both Spain and Portugal, from where most of our raw material is shipped, place an export duty on corkwood. This together with the freight charges places a burden on manufacturers here. Even though the export charge is not large, it amounts to considerable on the finished product, because about 70 per cent of the corkwood becomes waste after manufacturing, and the original charge when considered on the finished product has been greatly multiplied.

We also have to contend with the low wages prevailing in both Spain and Portugal. Of late years we have felt this more keenly, because of the introduction of modern machinery in these countries.

Cork disks one-eighth inch or less in thickness. We refer principally to the size about $1\frac{1}{8}$ inches in diameter and one-eighth inch in thickness. These disks are used to line tin caps commonly known as crown corks. They are now entered under the classification of manufactured corks, larger than three-fourths inch in diameter, and they rightfully belong with the small corks—that is, the kind designated as three-fourths inch in diameter or less. Although these cork disks are large in diameter, they are very thin, and therefore light in weight. When the present duties on corks were fixed, only small quantities of such disks were imported, and on this account they did not receive the special attention they deserve. A pound of cork disks contains from 10 to 12 gross, making the duty of 15 cents per pound of small consequence to the foreign manufacturers. We think these disks should be listed separately, and charged at the rate of 25 cents per pound, which is the present rate on all small corks. At least 75 per cent of the cork disks used in this country are now imported.

Above all, we recommend that the specific duty remain in force. On account of the peculiar nature of the material we manufacture it is extremely difficult to standardize qualities, and the ad valorem duty is unfair to the honest importer. Years ago, corks were listed on the ad valorem basis. Undervaluation became very general, and this led to a change to the present system.

We do not manufacture any of the following articles, known in the trade as "cork specialties." We can only say that on investigation, with a view to manufacturing some of these cork products, we find that the importation of all these articles, especially cork paper, cork insoles, and life-preserver blocks, is continually increasing, and that it is practically impossible for American manufacturers to compete.

Artificial cork and products, cork paper and split cork, cork floats for nets, cork insoles, cork for life preservers and life buoys. All the above is respectfully submitted, in full confidence that it will have your best attention.

Yours, most respectfully,

INTERNATIONAL CORK Co.,
JOHN ALBERT,
Secretary and Treasurer.

BRIEF OF TRUSLOW & FULLE (INC.) IN RE CORK INDUSTRY.

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: We beg leave to submit herewith the facts and figures pertinent to this industry in its relation to the tariff.

RAW CORKWOOD.

Is imported chiefly from Spain and Portugal in "slabs" of varying dimensions and weights, and in addition to its cost, averaging about 10 cents per pound, an export duty of one-half cent per pound is levied by and paid to the exporting countries.

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All "slabs" are put into the machines and pass through the process of manufacture and yield about the following result: Twenty-five per cent of weight of "slabs" are finished corks; 75 per cent of weight of "slabs" is waste.

The finished corks are composed of various grades, denominated in the trade as A, B, and C, and differ in price accordingly.

The yield of each of these respective grades can not be determined beforehand, but can only be definitely ascertained after the finished cork is assorted into the grades above mentioned.

The waste is sold at about $1\frac{1}{2}$ cents per pound.

FINISHED CORKS.

Total consumption in United States about \$7,000,000.

Manufactured in United States about \$4,400,000.

Imports in 1912 to United States.....	\$2, 178, 085
Specific duty paid thereon.....	437, 991

Total value of imports to United States.....	2, 616, 076
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The specific duty paid as above is equivalent to an ad valorem duty of 20.11 per cent. There are two kinds of finished corks known in the trade as "straights" and "tapers."

Also a thin, flat piece called a "disk."

The greatest part of the "straights" consumed in the United States are imported, for the reason that they can not be made here as cheaply as is done by means of manual labor exclusively, performed at their foreign homes, by men, women, and children, specially trained for this work.

The largest portion of the "disks," though made by machinery, are also imported.

Of the "tapers" only a small portion are imported and these are of the higher grades, which the specific duty favors. The balance of the high grades and all the lower grades of the "tapers" are manufactured in the United States.

The bulk of the "straights" and "disks" and a small portion of the "tapers" make up the sum total of the imports above stated.

EQUALITY BETWEEN FOREIGN AND HOME MANUFACTURERS.

Is confined to the following factors entering into cost of manufacturing the finished corks:

Both get their corkwood from the same sources of supply, and presumably at about the same prices.

Both get from the slabs a yield of 25 per cent in weight of finished corks and 75 per cent in weight of waste.

Both are unable to determine beforehand the percentage obtainable of each of the respective grades of finished corks, but can definitely ascertain this only after the assortment into the grades mentioned.

Both use the same character of machinery in their respective factories.

Both have about an equal output from the factories of the same capacity.

INEQUALITIES FAVORING FOREIGN AS AGAINST HOME MANUFACTURERS.

(A) *Export duty* on raw corkwood of one-half cent per pound is paid by the United States manufacturer which the foreign manufacturer does not pay.

The price obtained for waste by the foreign manufacturer is about the same as the manufacturer in the United States obtains.

(B) *Labor*.—Wages paid in United States per day to men, \$2.50; wages paid in United States per day to women, \$1.50; total, \$4; wages paid in foreign country per day for men and women, one-half, \$2. Equal to 100 per cent excess in United States paid for labor. About 50 per cent of cost of finished corks is for labor. About an equal number of men and women are employed in the factories.

(C) *Freight*.—Paid by foreigner on finished corks only 25 per cent of weight. Paid by home manufacturers on finished corks and waste 75 per cent of weight. Equal to 75 per cent excess in United States for freight.

(D) *Overhead charges*.—Salaries paid officers of corporations, salesmen, bookkeepers, clerks, stenographers. Excess paid for these items in United States.

(Living expenses of individual owners of business would be in same ratio of excess as salaries of corporation officers.)

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(E) *Value of factory land and building or rental value of same.*—Although factories in foreign countries and in the United States are generally located outside of cities near to adequate transportation facilities, there is nevertheless an excess of value and consequently higher rental in the United States.

Where factories are located in cities of foreign countries and the United States there is even a greater excess of value and consequently higher rental in the United States.

(F) *Insurance.*—On factory building, raw and manufactured merchandise, excess in United States, both on valuations and rates.

(G) *Taxes.*—Corporation, real and personal property.

Excess in United States both on valuations and rates.

(H) *Interest.*—On money borrowed. Excess of rate in United States.

We have given exact figures and percentages of excess in cost in the United States over the foreign countries on such items as we could with accuracy and have been conservative and careful not to overstate them.

We have purposely abstained from giving either figures or percentages of excess in cost in the United States over the foreign countries on the foregoing items—C, D, E, F, G, and H—as your committee is undoubtedly aware of their existence and will consider and weigh the same before reaching a conclusion. Furthermore, your committee may possess or have access to exact data and figures covering these items and add the same or the percentages to those we have given.

EXPORTS OF RAW CORKWOOD OR FINISHED CORKS.

There are none of either from the United States to any foreign countries, but Spain and Portugal are the main producers of the raw corkwood and finished corks, who distribute both in all countries of the world besides supplying their home users.

AD VALOREM AND SPECIFIC DUTIES.

Raw corkwood.—Under both the Dingley and Payne-Aldrich tariffs, free of duty.

Finished corks.—Under both the Dingley and Payne-Aldrich tariffs, a specific duty was imposed as follows: Twenty-five cents per pound up to three-fourths inch diameter inclusive; 15 cents per pound for all sizes over three-fourths inch diameter.

The relative merits of ad valorem and specific duties in their general application need not be discussed.

In this industry also the ad valorem duty, while it prevailed, fostered undervaluations and expert appraisers had to contend with the difficulty of discriminating as to qualities and fixing values for each, and it is largely owing to these reasons that the specific duty was adopted and is now in force.

In addition to these considerations there are others, peculiarly applicable to this industry, why the specific duty should be maintained.

There is no principal open market in Spain or Portugal for the sale of finished corks in wholesale quantities, the various manufacturers selling their product directly from their factories to the users at home and in other countries.

Therefore no uniform wholesale market price could be obtained and the basis of value, on which duty is payable, would vary with the cost of production in different factories situated in different localities, instead of there being a uniform market value for the same qualities as the customs laws prescribe. The factory producing at the lowest cost would not only have that advantage over its competitors, but would be further aided by also paying less duty.

Mixed shipments of straights, tapers, and disks, of all qualities and grades, invoiced at an average price, even if at bona fide cost, would make it impossible almost and entail great labor to ascertain the exact percentages of each quality in order to determine whether such average cost should not have been greater than stated in the invoice.

Even if such average invoice cost is not less than average value after separating the various kinds and grades of finished corks, the entire or the largest part of the duty paid could be put on the straights and disks and the high-grade tapers, leaving practically no duty or only an insignificant portion thereof to be added to the foreign cost of tapers. The result of this would be that the manufacture of the only kind of finished corks now produced to the largest extent in the United States would pass to the foreign manufacturer, who would then control the entire industry instead of about 37 per cent of it as at present. This danger is avoided by continuing in force the prevailing specific duty.

Notwithstanding the specific duties now in force during two administrations the United States has been able to manufacture only about 62 per cent of the entire product.

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it consumes, and that is confined almost to one kind. The remainder, composed of all kinds, two kinds almost-exclusively, is still imported.

For the reasons hereinabove stated it is absolutely necessary to retain the specific duty now in force; otherwise this industry in the United States will quickly pass into the hands of the foreign manufacturers.

SUMMARY.

Our statement comprises accurate figures and facts as to cost of raw corkwood and percentage of finished corks and waste obtained therefrom.

It deals with the finished corks and the equalities and inequalities under which they are produced in the United States compared with the foreign countries, giving exact figures and percentages where obtainable, and pointing out the items on which your committee can supply the necessary data and add same to those which we have furnished.

We have also shown the absolute necessity of retaining the specific form of duty now imposed and the danger of making any change.

In view of all the facts, figures, and existing conditions hereinbefore stated in detail, by reason whereof the manufacturers of the United States have been unable to obtain a larger proportion of this industry than already stated, it is clearly necessary, in order that it may at least be able to retain the same and to prevent its being diverted into the hands of foreign manufacturers, that the present rates of specific duty be maintained and not changed in any particular.

In deference to your committee's suggestion, that it prefers written statements to personal examinations, we have formulated the one herewith respectfully submitted for your consideration. We are, however, prepared to support our statements by submitting to a personal examination at the invitation of your committee.

We remain, yours, respectfully,

TRUSLOW & FULLE (INC.),
By CHAS. A. FULLE, *President*.

BRIEF OF THE J. H. PADDOCK CO., BROOKLYN, N. Y., CONCERNING CORKS.

BROOKLYN, N. Y., *January 27, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to the proposed revision of the tariff, we beg to address you on the subject of corks contained in sundries schedule thereof, and to bring to your attention the following facts:

The estimated consumption of corks in the United States per year is \$6,500,000 to \$7,000,000.

The foreign value of corks imported into this country during the year 1912 was \$2,178,085; the duty paid was \$437,991; making a total of \$2,616,076.

This shows that about 35 per cent of the corks sold in this country during the past year were imported, which would certainly indicate that the foreign manufacturers are in position to compete with us under the present tariff.

We would further state that all our raw material is imported from Spain and Portugal, who are also our competitors on the finished goods. We require protection on our goods for the following reasons:

The wages paid in Spain and Portugal are only about 30 per cent of those paid here. Our freight charges on the raw material are about five times that on the finished product, and an export duty is imposed on a large percentage of the raw material brought into this country. In addition to which, overhead expenses are much higher here than in Europe.

We would further say, that practically no corks are exported from the United States, and practically all the supplies of the Latin-American countries are drawn from Spain and Portugal, which is further proof that they can make their goods cheaper.

Under a former tariff, duty was assessed on an ad valorem basis, and imported goods were greatly undervalued, for which reason a specific duty is much more desirable.

In view of these facts, we ask that the present tariff of 25 cents per pound on corks under three-fourths of an inch in diameter and 15 cents per pound on corks over three-fourths of an inch in diameter be retained.

Yours, very truly,

THE J. H. PADDOCK CO.,
J. H. PADDOCK, *President*.

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BROOKLYN, N. Y., January 27, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: We wish to vigorously protest against any reduction in the duties on corks and to urge the retention of specific duties. A return to ad valorem duties would encourage undervaluations, as it would be almost impossible to properly appraise the many different qualities of corks in use here to an exact standard.

During the last year, imports of cork were: Free, \$3,247,086; dutiable, \$2,178,085, from which the Government received a revenue, on dutiable cork, of \$437,992, or slightly over 20 per cent. Deducting \$1,250,000, the value of cork waste imported, from the free cork, and estimating value of manufactured product as double material cost, would indicate an annual production by the American manufacturers of about \$4,000,000, or a combined annual business (both domestic and imported) of \$6,600,000.

Foreign manufacturers are therefore furnishing over 40 per cent of all the manufactured corks consumed in this country.

They have many advantages:

Their labor is paid about one-third the American rate.

They save about 75 per cent in freight, as that is the proportion of waste to manufactured corks.

The introduction of modern machinery has placed the production of their operators on a par with the American operators, and they have the markets of the world in which to dispose of their by-products, off-grade qualities, etc.

Spain and Portugal both impose export duties on raw cork.

The business of the American manufacturer has had many hard blows. The crown and other stoppers have replaced the use of the natural cork to the brewer, bottler, and practically every large consumer, cutting the value of the production per operator, on lines now manufactured, more than in half and increasing every item of expense in like proportion.

To-day we are chiefly supplying the drug, patent medicine, liquor, and small consumers with corks which it would not be practical to import, as they buy from hand to mouth and could not await the time to bring them in, for which reason we do not think imports would largely increase—and if this is true, the Government would lose in revenue.

There is no trust, neither is there any combination or price agreement between the firms or corporations engaged in this industry.

No factory has any great advantage over the other in automatic or special machinery.

Competition is very keen and the margin of profit is reduced to a minimum.

For all of which reasons, we respectfully ask consideration and sincerely hope there will be no change, either in the rate of duty or the method of computing it.

Respectfully submitted.

PADDOCK CORK CO.,
J. T. DINGEE, *President.*

BRIEF OF THE NATIONAL CORK CO., BROOKLYN, N. Y.

BROOKLYN, N. Y., January 27, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: We wish to call the attention of your committee to the manufacture of corks in this country and the problems with which we have to contend.

Spain imposes an export duty on corkwood of approximately one-half cent per pound and as there is at least 75 per cent waste produced in the manufacture of corks, this means a considerable handicap in the matter of freights, as the rate of cork waste is about \$7 per ton while that on corkwood is about \$12 per ton.

Modern machinery is now being used in Spain, having been introduced there of late years, with the result that the output per man in Spain is equal to that of the cork cutter in this country, while the wages paid are but about one-third of those paid here.

Rentals, power, taxes, and all overhead expenses here cost a much greater percentage in relation to the output than abroad, and all these facts are fully verified by the fact that there are practically no corks exported from the United States.

The estimated consumption of manufactured corks in the United States is approximately \$6,500,000, while statistics show the importations of 1912 as \$2,178,085, for-

PARAGRAPH 429—CORK.

sign value, on which a duty of \$437,991 was paid, making a market value here of \$2,616,076 or about 33½ per cent of the corks used in this country.

This seems to us to be a tariff for revenue only, as from these facts it can readily be seen that the manufacturer of corks in the United States has for a strong competitor the manufacturer of the country where the cork tree is a natural product. The present duties are equivalent to an ad valorem of about 20 per cent, but we would urge the retention of the specific duty on account of the undervaluation, which was very general some years ago, when duty was collected on an ad valorem basis.

We therefore would respectfully request that the duties on manufactured cork be at least left as at present, as any radical change would put the home manufacturer at the mercy of his foreign competitor.

Respectfully,

NATIONAL CORK Co.
D. SUTHERLAND, Jr.

MAX FRANKEL CO., NEW YORK, PETITION FOR A REDUCTION OF THE TARIFF ON CORKS.

NEW YORK, January 6, 1913.

Hon. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: The present duty on corks is as follows: Corks wholly or partly manufactured and measuring over three-fourths inch at large end, 15 cents per pound; corks wholly or partly manufactured and measuring under three-fourths inch at large end, 25 cents per pound.

The cork business of the United States is to-day practically controlled by the Armstrong Cork Co., who are without exception, the largest manufacturers of corks in the world. They export corks all over the civilized world, and we understand that they own or control their own corkwood forests in Spain.

Formerly all the different qualities of corks could be imported into the United States. To-day only the very finest and the most expensive corks are imported, owing to the prohibitive duty. For example, on corks which cost 5 cents per gross in Spain, the present duty of 15 cents per pound on corks measuring over three-fourths inch in diameter is equivalent to 15 cents per gross or about 300 per cent, besides the protection afforded by the heavy freight rate on this bulky article.

On tapered or pointed corks, the duty is 25 cents per pound, which on the cheaper grades is even more than 300 per cent of the cost.

It is useless to enter into further details regarding this tariff on corks, because the importation of corks is practically prohibited by the present tariff; this speaks for itself.

No tapered or pointed corks whatever are imported, and only the better grades of hand-cut corks can be imported at all, and those in very limited quantities, owing to the control of the industry exercised by the Armstrong Cork Co.

Corkwood comes into the United States free of duty. The product of the Armstrong Cork Co. is, we understand, about 75 per cent cork specialties, made from cork refuse and waste, and only about 25 per cent corks.

The fact that they control their own patented and special machines for producing their corks and specialties and have an enormous operating capital, renders their position impregnable, especially as they are protected from foreign competition by a prohibitive duty.

We strongly petition that manufactured corks be admitted to entry into the United States free of any duty whatsoever.

Yours, very truly,

MAX FRANKEL Co.

BRIEF OF THE CENTURY CORK CO., NEW YORK, N. Y.

NEW YORK, January 27, 1913.

Hon. OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means, Washington, D. C.

Schedule N, Corks and Cork Products.

DEAR SIR: We respectfully submit that any reduction from the rates of duty at present in force on manufactured corks would probably make the manufacturing of this merchandise in this country impossible.

PARAGRAPH 430—BILLIARD BALLS.

The American manufacturer is even under present conditions dependent wholly upon what he can realize for the waste accumulated in his manufacturing to show a profit and most manufacturers are unable actually to save a profit equivalent to the amount which they realize for their cork waste.

Numerous actual tests have shown that the cost of manufacturing, with overhead expenses incidental thereto, is, in Spain, Portugal, and other European countries, not more than 33 per cent of such expense in the manufacturing of corks in this country and in many instances is of even smaller proportion than that which we mention. In Spain and Portugal child labor and long working hours, both of which are prohibited to the American manufacturer, are the rule, and these conditions, together with the fact that the manufacturer in Spain and Portugal owns the raw material at first cost and has the pick of the choicest materials, give him decided advantage over the manufacturer in this country.

Owing to the great difficulty of finding expert judges of corks, a policy adopted in this country years ago to assess a specific duty on corks has been found the only practical one and the great variety of corks which are required and the advantages of quick delivery only account for the fact that importations are not much heavier than at present.

In addition to the advantages mentioned in the foregoing, the European manufacturer gains by the fact that the countries which export corkwood assess an export duty on the raw material, which necessarily increases its cost to the American manufacturer.

We respectfully submit that this industry, to be prosperous, should have the benefit of higher duties than at present, but that in no case is there any chance of its existing if the duties at present in effect are reduced.

Respectfully submitted,

CENTURY CORK CO.,
OSCAR HEYMAN, *President*.

PARAGRAPH 430.

Dice, dominoes, draughts, chessmen, chess balls, and billiard, pool, and bagatelle balls, of ivory, bone, or other materials, fifty per centum ad valorem.

BILLIARD BALLS.

BRIEF SUBMITTED BY THE OTTO GORDON CO., NEW YORK.

THE OTTO GORDON CO.,
New York, January 21, 1913.

Hon. O. W. UNDERWOOD,

Chairman of Committee on Ways and Means, Washington, D. C.

DEAR SIR: We beg leave to draw your attention to ivory billiard balls. They are turned from ivory blocks, first roughly, so that they may be seasoned, and then after they have been seasoned about six months they are turned true and colored. The first process is called "roughing out," the second "finishing the ball," and New York turners charge for the first process from 10 to 20 cents and for the latter 15 cents per ball. The standard size of billiard balls is 2½ inches, and these cost now in the block \$8 per piece. Consequently the entire labor to produce ivory billiard balls in this country is highest, 2½ per cent on ivory balls in the rough and 4 per cent on finished ivory balls.

Yet, ever since the Civil War they have both been classified with dice, dominoes, chessmen, etc., at 50 per cent as in our present tariff under paragraph 430, and it consequently followed that ever since the Civil War not a single ball has been imported.

However, in spite of this prohibitory condition and the absurdity that billiard balls, which are a purely commercial article and require no skill to turn, were made dutiable at 50 per cent under paragraph 430, while artistic carvings and works of art in ivory are dutiable at the lower rate of 35 per cent under paragraph 464; our appeal to the several Congresses for a correction were in vain, but as it is the declared policy of the present administration to do away with such prohibitions and rectify the tariff on the basis of the difference in the cost of production, we now appeal to you.

In former attempts for a reduction of the prohibitory duty of 50 per cent such questions as the following were usually asked:

1. Would not a reduction of duty, aside from the revenue, have the effect that the balls would be turned in Europe instead of here?

PARAGRAPH 431—TOYS.

2. Why do not you have them manufactured here? And while we have never been able to comprehend why the last one should have been asked so often under the Republican administration, because naturally all importations would be prohibited if the tariff is to be based only on the view that all goods ought to be manufactured in this country, still, understanding that your time is too limited to give personal hearings to all applicants, we answer both the above questions as follows:

1. No. It would only equalize the difference in wages and, therefore, allow fair competition, but it would have the effect of stopping exorbitant prices. As it is now, one large concern practically controls the business, because the ivory billiard ball business takes a good deal of capital and small turners have little chance to compete.

2. Because all factories can not be in the United States, and ours is in Europe. On the other hand we can not have the balls turned by small turners out of the house, because ivory will crack if exposed to sudden changes of temperature and, besides, the transport to and fro would be too inconvenient and costly.

We have shown by testimony submitted to the Sixtieth Congress and hold further proof ready for your inspection by bills of still other New York ivory turners that, as we have stated, ivory billiard balls are roughed here with a profit of 2½ per cent and absolutely finished at 4 per cent. We therefore appeal to you to take billiard, pool, and bagatelle balls of ivory out of paragraph 430 of the present tariff and provide for them as follows: Billiard, pool, and bagatelle balls of ivory, in the rough, 1 per cent ad valorem; finished, 2 per cent ad valorem, because any higher rate on this costly article would make them just as prohibitory as the present one of 50 per cent, while the change as above would (1) more than equalize any existing difference in labor between here and in Europe, (2) change the prohibition to some competition, (3) add revenue to the Government where it now receives nothing.

We could, with like justice, make a similar plea for piano and organ ivory, of which absolutely nothing is imported of the \$2,000,000 worth used in this country, because the duty on it is 35 per cent as per paragraph 464 of the present tariff, but after so many vain attempts we have lost the courage to try to break the prohibition in this article.

We hold ourselves ready at all times for your summons for a personal hearing and have the honor to remain,

Yours respectfully,

THE OTTO GORDON Co.,
OTTO GORDON, *President*.

PARAGRAPH 431.

Dolls, and parts of dolls, doll heads, toy marbles of whatever materials composed, and all other toys, and parts of toys, not composed of china, porcelain, parian, bisque, earthen or stone ware, and not specially provided for in this section, thirty-five per centum ad valorem.

TOYS.

TESTIMONY OF ALBERT T. SCHARPS, OF NEW YORK CITY.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Scharps.

Mr. SCHARPS. Mr. Chairman and gentlemen of the committee, I appear in reference to paragraph 431 of Schedule N. This paragraph deals practically with toys and reads as follows:

Dolls, and parts of dolls, doll heads, toy marbles of whatever materials composed, and all other toys and parts of toys, not composed of china, porcelain, parian, bisque, earthen or stone ware, and not specially provided for in this section, 35 per cent ad valorem.

I represent myself as a manufacturer and about 35 other manufacturers of American toys. That is the direct representation I have here this evening. I am also authorized indirectly to represent about 40 other manufacturers.

The toy industry in America commenced practically about 20 years ago, and the statistics under the Thirteenth Census show that in the year 1899 there were manufactured in the United States \$4,010,000 value of toys; in the year 1904, \$5,578,000; in the year 1909,

PARAGRAPH 431—TOYS.

\$8,264,000. That is an increase of about 100 per cent in a period of 10 years.

This same census discloses there are 226 establishments in the United States which manufacture toys. These establishments were located in a number of States, but out of the whole 226 there were more than 200 in the New England States and the States of New York, New Jersey, Pennsylvania, Ohio, Michigan, Indiana, and Illinois; so that we have here a compact industry in the United States which manufactured over \$8,000,000 worth of products in the year 1909, and I believe that in the year 1912 those products exceeded \$10,000,000 in value.

We ask that this duty be maintained. We ask for a continuance of this 35 per cent ad valorem rate.

When the hearings were had before this committee in 1909, the importers and manufacturers both appeared here by counsel and asked for a continuance of that same rate.

The CHAIRMAN. They import as much as they make, and I do not think you need worry about further argument.

Mr. SCHARPS. I have put all these facts into my brief, which I submit, and I think we are entitled to a continuance of this rate.

There is one thing I would like, with your permission, to say. I would call your attention to the advances which the Japanese are now making. I have a specific instance to which I want to call your attention. They make baseballs and import them into the United States to sell at retail for 10 cents, as good an article as can be bought from the American manufacturer at retail for 25 cents.

Mr. KITCHIN. Baseballs?

Mr. SCHARPS. Yes, sir.

Mr. KITCHIN. Those are a necessity now, are they not?

Mr. SCHARPS. Yes, sir.

That only shows the character of labor and competition which we actually meet as manufacturers of toys.

Mr. HULL. What is the present attitude of the importers?

Mr. SCHARPS. They would be delighted to have the rate reduced.

I do not know whether it means necessarily a greater revenue to the Government, but it means practically the wiping out of these American toy manufacturers who all have factories.

The CHAIRMAN. Your product is not a necessity, and you are importing as much as you make, so I do not think you need worry about a 10 per cent duty.

Mr. SCHARPS. Does the committee care to have any of these exhibits filed with them?

The CHAIRMAN. Yes; you may file them with the clerk.

Mr. FORDNEY. What do these baseballs retail for?

Mr. SCHARPS. Ten cents, after paying a 35 per cent duty.

Mr. FORDNEY. They retail for 10 cents?

Mr. SCHARPS. Yes, sir; the Japanese baseballs do. That shows what the competition might amount to. In fact, so far as the Japanese are concerned, we ought to have an increased duty.

Mr. FORDNEY. What is the duty on those baseballs?

Mr. SCHARPS. Thirty-five per cent.

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Mr. HULL. There are no trade agreements among the manufacturers?

Mr. SCHARPS. Absolutely not. I have adverted in my brief to a trade agreement some years ago, which was a gigantic failure and finally went into a receivership, and the creditors got 30 cents on the dollar and the bondholders and stockholders got nothing.

Mr. KITCHIN. I noticed in that paragraph all toys except those made out of rubber bear a 35 per cent duty?

Mr. SCHARPS. Yes, sir.

Mr. KITCHIN. Did not they formerly, under the Dingley Act, bear a duty of 35 per cent?

Mr. SCHARPS. That was a change made in 1909.

Mr. KITCHIN. What duty do they bear now?

Mr. SCHARPS. I understand 45 per cent.

Mr. KITCHIN. An increased duty on rubber itself was put in there since?

Mr. SCHARPS. Yes, sir; it has been changed afterwards.

Mr. PALMER. Is that a Rhode Island industry?

Mr. KITCHIN. Oh, yes. [Laughter.]

The CHAIRMAN. That seems to be all, Mr. Scharps; you may be excused.

BRIEF ON BEHALF OF AMERICAN MANUFACTURERS OF DOLLS AND TOYS IN SUPPORT OF CONTINUANCE OF PRESENT RATE OF 35 PER CENT AD VALOREM.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives:

The American manufacturers of toys are unanimous in support of the continuance of the present tariff rate, as provided in section 431 of Schedule N, and, as connected therewith, in section 93 of Schedule B.

They advance as argument in support of the present schedule historical and statistical data as follows:

HISTORY.

The manufacture of dolls and toys began in the United States as early as 1836, but no impetus was given to the trade for a number of years. Its greatest growth has been during the past 20 years, and particularly in the last 10 years, when, from 1899 to 1909, according to the Thirteenth Census compiled by the Department of Commerce and Labor, the increase has been 100 per cent, the value of the products in 1899 being \$4,010,000 and in 1909, \$8,264,000.

The increase in imports during the period between 1899 and 1909 has been greater than ever in the history of the country. The increase in imports were nearly twice as great as the increase of value of domestic products for this period. Nevertheless, the total value of dolls and toys manufactured in this country has so largely increased that since 1909 it has exceeded the total value of those imported. The value of the imports for these years is shown in Schedule A, attached hereto. On that schedule is also given the value of domestic manufactures for the years 1899, 1904, and 1909, respectively.

The largest increase of imports has occurred during the time when the present rates of duty have been in effect, and it is during this period as well that domestic manufacturers have made their greatest advancement. From 1890 to the present date the value of the imports of dolls and toys has shown an increase every year, with a resultant increase of revenue, with the exception of a few years where the decrease has been comparatively small and was due either to changes or contemplated changes in the tariff or general business depression throughout the country. (See Schedules A and B annexed.) The demand for dolls and toys has developed not only in amount but in the quality and value of the individual dolls and toys, imported as well as domestic.

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NECESSITY FOR TARIFF.

There are two factors which permit American manufacturers to compete with foreign manufacturers—

First. The existence of the present tariff.

Second. The use in the trade of highly developed and perfected machinery and automatic appliances.

The use of these highly developed machines and automatic appliances alone would not render it possible for American manufacturers to produce toys successfully to compete with toys made by hand or by machine labor abroad.

The cost here for labor, factory rent, and other expenses of production so greatly exceeds the cost of these items abroad that the continuance of the present tariff is absolutely essential to the existence of the industry in this country.

Practically all American toys are made in factories. America excels in many toy lines, particularly in mechanical, steam, and electrical toys, which require considerable factory equipment, such as dies, tools, jigs, and other special machinery. Abroad, factory production is the exception and house labor the rule. In Germany the making of toys is scattered through the houses of hundreds of small towns, where children as young as 2 or 3 years are engaged in their manufacture, particularly small children who are trained to dip the toys in colored material and to do crude painting almost before they learn to walk.

The Thirteenth Census of the United States, as compiled by the Department of Commerce and Labor in a pamphlet entitled "Bulletin of Manufactures of the United States," shows that there are 226 establishments making toys and games, which number is divided among the States as follows:

New York.....	67	Maryland.....	4
Pennsylvania.....	23	Vermont.....	4
Ohio.....	19	Wisconsin.....	3
Illinois.....	19	Rhode Island.....	2
Massachusetts.....	16	Iowa.....	2
New Jersey.....	15	Minnesota.....	2
Connecticut.....	13	Alabama.....	1
Indiana.....	10	Kansas.....	1
New Hampshire.....	9	Maine.....	1
Michigan.....	8	Oregon.....	1
Missouri.....	5	Tennessee.....	1

This list of States in the United States in which toys are manufactured shows that practically all the toys are manufactured in the New England States, New York, New Jersey, Pennsylvania, Ohio, Michigan, Indiana, and Illinois. In all of these States there are stringent laws against child labor.

It is impossible for toy manufacturers in these States to utilize the labor of persons younger than those permitted to be employed in factories. This condition renders it impossible for the American manufacturer, unaided by at least a moderate tariff, successfully to compete with the child and house labor almost exclusively employed in Germany in the production of toys. From that country come the greater part of imported toys.

It is estimated by American toy manufacturers that 75 per cent of the cost of production of toys in this country is labor and only 25 per cent material. This applies especially to that class of toys coming in competition with foreign toys.

With an added duty of 35 per cent, the American manufacturer, even under statutory conditions as to labor and in a factory, is able to meet the German competition.

There has also grown up in the last few years a new and important factor in the American toy situation—the manufacture of dolls. Dolls are now made here in large quantities, which, through special methods and processes and distinctive designs, are competing successfully against German goods—which latter heretofore have completely dominated the market. There is promise of continued growth in this new doll industry; but it would be annihilated by even a slight reduction of the present moderate tariff.

Up to within the last few years practically all foreign toys were from continental Europe. But now Japan is successfully imitating European and American toys. As against Japanese competition, the tariff at its present rate is an absolute necessity for the existence of the American industry.

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As an illustration of Japanese competition, Japanese manufacturers are producing imitations of American mechanical inventions as applied to toys; and, although they are unable to sell them in the United States because protected by United States Letters Patent, they are nevertheless selling them in Europe at retail, at prices much lower than the American manufacturers can wholesale them here.

In view of the strenuous character of the foreign competition and the impossibility of future cheapening of the cost of production here, the toy manufacturers are strongly of opinion that any reduction, however slight, in the present 35 per cent ad valorem tariff on toys would be fatal to the successful continuance of this industry in the United States.

Popular priced dolls and toys are sold in this country upon what is termed the "single coin basis," to wit, at prices of 5, 10, 25, 50 cents and \$1; and are manufactured to sell at wholesale prices such that they can be retailed at these prices. To sell toys at prices other than those, e. g., at 15, 20, 35, or 40 cents has been attempted, with uniform lack of success. If a new toy is introduced which would sell to the retailer at a price too high to be retailed at 50 cents and yet not be of sufficient value to justify the price of \$1, alterations are made to the toy so as to bring it to one or the other of these prices. Wherefore, a reduction of tariff on a toy now retailing at 10 cents would not result in a reduction of the price to the ultimate consumer, but would resolve itself into a larger profit either to the foreign manufacturer or to the retailer. As a matter of fact, the largest share of the profit in toys accrues not to the domestic manufacturer or to the jobber, but to the retailer, the only one in this country who would profit by tariff reduction on toys. The only potential benefit to the consumer might be a possible slight increase in the size of certain toys, as suggested in the letter of Baker & Bennett Co., submitted herewith.

In this brief mention has been made only of competition from two foreign countries—Germany and Japan. These countries do practically all the import business in the United States. Schedule C, hereto annexed, contains a tabulation of imports from 1908 to 1912, showing amounts imported from five countries making the greatest amount of imports. This schedule shows Germany has almost a complete monopoly of the business with Japan second in importance.

The United States has always been an exporter of dolls and toys, but on a small and constantly decreasing scale. The figures for past five years are collated on Schedule D, annexed. They show the uncertain character of this export business and the wide fluctuations. They point out with great clearness the trifling character of this business done in competition with the countries which import the greatest amount of toys into the United States. By way of illustration, in the year 1909 the United States manufactured \$8,264,000 of dolls and toys, of which \$1,724,620 was exported. Germany in that year (a period of great financial depression) exported to the United States alone toys and dolls of a value of \$4,408,745. The United States exported to Germany for a like period \$40,606, a ratio of 1 to 100 against this country. Like comparisons have been prepared for your committee by Daniel C. Roper, clerk, and the portion of that report relating to the subject matter of this brief is set forth in Schedule E, annexed.

DEVELOPMENT OF INDUSTRY.

The American toy industry is one of small factories and no combinations. There has never been a successful combination either as to factories or prices. The only consolidation of important factories which was ever attempted was formed in 1903 under the name of National Novelty Corporation, which name was subsequently changed to the Hardware & Woodenware Manufacturing Co. This was a consolidation of some 18 or 20 independent factories. In 1908 the said corporation went into the hands of receivers. Its creditors are assured that they will receive a sum not to exceed 30 cents on the dollar, the stockholders and bondholders losing their entire investment.

There are no especially large concerns engaged in the manufacture of dolls and toys. Some two or three concerns have a commercial rating of from \$300,000 to \$500,000, but the greater number are rated at between \$10,000 and \$100,000. A concern doing a business of \$100,000 annually is considered large and one doing a business of \$500,000 is almost unique.

The report of the Department of Commerce and Labor (1909) shows that the 226 establishments had \$6,541,000 of capital employed in the industry and the total value of the output was only \$8,264,000; the ratio of invested capital to output being approximately 75 per cent, a far higher ratio than in almost any other industry.

The industry at the present time is practically in its infancy. America, more than any other country, is developing the toy business from a seasonal one lasting but a

PARAGRAPH 431—TOYS.

few months in the year to a business which can be profitably conducted every month in the year. Indeed, the manufacturers hope that within the next five years the output will bear a considerably higher ratio to the capital invested than at present.

In addition to the establishments exclusively engaged in the manufacture of toys, the industry is one which has an important bearing upon various other industries in this country in that many factories are able to employ their waste material, remnants, and scraps in the manufacture of toys. The total of the amounts manufactured in this way almost equals the production of factories making toys exclusively. This is of supreme importance for the reason that these factories engage in the manufacture of toys in those seasons of the year when business is dull in their regular product, when they would otherwise be compelled either to work half time or to reduce their working force. By employing their force in the manufacture of toys they are able to keep their hands employed during the entire year. Here again the reduction of the tariff would render the manufacture of toys unprofitable and would result in the enforced idleness of highly skilled employees for considerable periods in each year.

It is of the utmost importance not to lose sight of the fact that toys are essentially luxuries. Even in the remote contingency, therefore, that the elimination or reduction of the present tariff might be of some pecuniary benefit to the ultimate consumer in this country, it is clear that that ultimate consumer will not be of that class which it is the purpose of modern legislation to relieve from the harmful effects of the present high cost of living.

If in spite of all that has been said here and elsewhere, the policy of the dominant majority be that only such tariffs shall be assessed as are necessary for the collection of revenues to defray the expenses of government, it is well to take note of the fact that even from this purely utilitarian standpoint a reduction or cancellation of the tariff on toys would be inadvisable. For during the first two of the three years when the tariff on toys had been reduced to 25 per cent ad valorem the gross quantity of imports was less than under the higher tariff; so that the revenues were reduced both positively and relatively. For the last year the imports, in anticipation of an increase in the rate, were, of course, considerably larger.

In support of this brief we have filed two copies of Playthings—one the issue for February, 1912, and the other the issue for June, 1912. This last number is called the American toy number, and a glance through its pages and advertising matter will clearly disclose the nature and character of the industry as it exists to-day. This is a monthly publication devoted to toys, dolls, games, and like subject matter, and was first published in 1903, when the toy industry began to take a prominent place among American trades. The size and character of this magazine is indicative of the growth and development of the industry at the present time.

There is also submitted a list of the concerns which have from time to time advertised in this publication. All of these concerns urge upon this committee the continuance of the present tariff.

Submitted as a part of this brief are catalogues and numerous letters to this committee from American manufacturers of toys. These catalogues evidence the degree of perfection which this industry has reached, the high grade of toys manufactured, the skilled labor and machinery employed, and the large investment of capital. The attention of this committee is particularly called to the black penciled portions of the letters of The Ives Manufacturing Corporation, the A. Schoenhut Co., Mitred Box Co., and M. H. Christensen & Son Co., submitted herewith.

It is respectfully requested that a short period of time be allowed for the submission of additional letters.

This brief is submitted not only on behalf of all the manufacturers whose letters are attached to the exhibits, but also on behalf of numerous other manufacturers as well; and, in general, on behalf of all domestic toy manufacturers.

Dated New York City, January 28, 1913.

ALBERT T. SCHARPS,
New York City.

(For American Toy Manufacturers.)

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SCHEDULE A.

Value of imports of dolls and toys.

From Statistical Abstract of the United States, published 1907 by Bureau of Statistics:

1898.....	\$2, 214, 482
1899.....	2, 265, 542
1900.....	2, 923, 982
1901.....	3, 830, 311
1902.....	4, 023, 670
1903.....	4, 232, 074
1904.....	4, 977, 389
1905.....	4, 964, 457
1906.....	5, 887, 863
1907.....	6, 993, 561

From Commerce and Navigation of United States, 1912-13:

1908.....	7, 206, 423
1909.....	4, 869, 097
1910.....	6, 585, 781
1911.....	7, 964, 835
1912.....	7, 893, 582

Domestic manufactures.

From Thirteenth Census of United States, Bulletin "Manufactures: United States":

1899.....	\$4, 010, 000
1904.....	5, 578, 000
1909.....	8, 264, 000

SCHEDULE B.

Value of imports of dolls and toys.

Rate, 35 per cent ad valorem:

1890.....	\$2, 070, 659
1891.....	2, 279, 121
1892.....	2, 476, 132
1893.....	2, 883, 619
1894.....	2, 149, 660

Rate, 25 per cent ad valorem:

1895.....	1, 889, 628
1896.....	2, 516, 410
1897.....	3, 295, 057

SCHEDULE C.

Imports of toys and dolls.

[From publication of imports of merchandise, years ending June 30, 1908-1912, p. 361, now in form of proof sheets at Department of Commerce and Labor, Bureau of Statistics.]

Countries.	1908	1909	1910	1911	1912
Germany.....	\$6, 517, 631	\$4, 408, 745	\$5, 908, 092	\$7, 078, 880	\$6, 981, 129
Japan.....	177, 720	127, 184	195, 302	259, 641	324, 430
Austria-Hungary.....	179, 418	127, 534	158, 870	155, 757	180, 081
England (United Kingdom).....	57, 725	38, 894	79, 361	113, 160	148, 336
France.....	180, 472	111, 966	169, 957	224, 517	182, 169
Total.....	7, 112, 966	4, 814, 323	6, 511, 582	7, 831, 955	7, 816, 145
All other countries.....	93, 457	54, 774	74, 199	132, 880	77, 437
Total.....	7, 206, 423	4, 869, 097	6, 585, 781	7, 964, 835	7, 893, 582

PARAGRAPH 431—TOYS.

SCHEDULE D.

Exports of toys and dolls.

[From Commerce and Navigation of the United States for year ending June 30, 1911, and subsequent publications of the Department of Commerce and Labor.]

Country.	1908	1909	1910	1911	1912
Germany.....	\$56,119	\$40,606	\$236,475	\$64,942	.....
Japan.....	23,974	28,628	93,903	37,369	.....
Austria-Hungary.....	363	452	1,183	458	.....
England (United Kingdom).....	230,922	639,505	692,446	235,108	.....
France.....	10,004	8,152	7,457	10,068	.....
Total.....	321,382	717,343	1,031,464	347,945	.....
All other countries.....	411,892	380,844	638,582	665,159	.....
Total.....	733,274	1,098,187	1,670,046	1,013,104	\$645,287

SCHEDULE E.

431. *Dolls and parts of dolls, doll heads, toy marbles of whatever material composed, and all other toys, not composed of china, porcelain, parian, bisque, earthen or stoneware, and n. v. s. p. f.*

[Tariff Handbook (1913). Compiled by Daniel E. Roper, clerk to Ways and Means Committee.]

	Wilson tariff.	Dingley tariff, 1905.	1910	1911	1912
Imports:					
Value.....	\$2,502,111.47	\$4,927,482.95	¹ \$6,628,683.43	¹ \$8,159,244.45	¹ \$7,881,297.78
Duties.....	\$625,527.89	\$1,724,618.94	\$2,320,038.54	\$2,855,521.20	\$2,758,382.90
Rate (per cent).....	25.00	35.00	35.00	35.00	35.00
Production.....		\$5,577,693.00	\$8,264,135.00		
Exports.....	\$143,390.00	\$506,638.00	\$1,670,046.00	\$1,013,104.00	\$645,287.00
Consumption.....		\$9,998,537.95	\$13,222,772.43		

¹ The difference between these figures and those on Schedules A and C represents toys and dolls imported not for consumption, same having been placed in bond.

Following are the letters mentioned above:

NEW YORK CITY, *January 28, 1913.*

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: As a manufacturer of American toys, as well as representative of a number of toy industries for the past 25 years, and having been closely associated with its growth, I can speak with some degree of knowledge as to the causes of the present state of success which has been made by manufacturers engaged in the making of dolls and toys in this country.

In 1885 the writer of this letter became associated with one of the largest houses in this country engaged in the importing of dolls and toys from foreign countries. The American industry at that time was almost unknown and of small importance. Most of the toys then came from abroad. Since then the condition has greatly changed year by year and steadily advancing, until now the largest part of the toys sold in this country are made at home.

This institution is engaged in the sale of American toys only, and advertises the "American toys for American children." The condition as it is to-day could not have been brought about without a necessary protective tariff to enable home manufacturers to compete with the cheap child labor and other unsatisfactory conditions as engaged abroad, and which is explained fully in the brief submitted to your honorable body by counsel.

During the Cleveland Administration the duty on dolls and toys was reduced from 35 to 25 per cent under the Wilson bill, and at that time the writer was engaged with the aforesaid large importing concern. The change in the tariff, however, did not

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affect the selling price of the merchandise in any degree. The only change noticeable was that the difference in the price was put into the article; and, as an example, a kid-body doll 16 inches long, under the 35 per cent duty, was sold at 25 cents retail, and at the reduced duty of 25 per cent a 17½-inch doll of the same character and material was sold at 25 cents retail. This also applied to toy horns, a 16-inch horn being sold at retail for 10 cents under the 35 per cent duty and an 18-inch horn being sold for 10 cents under the 25 per cent duty. This condition was generally understood and remarked upon by importers as the facts existing. It is therefore evident that a reduction in the tariff of this commodity would in no way benefit the people at large, but, on the other hand, would seriously affect the home manufacturer engaged in the making of these lines, as the necessary protection being removed would place him in a position where he could not compete with the foreign manufacturers.

This institution is engaged in a business where we represent and advance numerous small manufacturers of toys, and who during the season come to our office for payment of their shipments as often as once a week, so as to have the ready money for their weekly pay rolls. These makers in a large number of cases are small operators with little capital, working hard for a livelihood, and a change in the tariff would materially affect such manufacturers as these. In behalf of ourselves as well as these manufacturers, whom we represent, we ask that it be recommended that no change be made in the present tariff on toys.

We respectfully submit this letter, together with a quantity of catalogues and circulars describing the various manufacturers whom we are selling agents for.

Respectfully, yours,

BAKER & BENNETT Co.,
Per DE WITT C. BAKER, *President*.

THE M. F. CHRISTENSEN & SON Co.,
Akron, Ohio, January 25, 1913.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

HONORABLE SIR: In connection with the matter of the revision of the tariff on imports now under consideration and investigation, we desire to call your attention to the necessity of tariff protection for our business on account of our very much greater manufacturing costs over that of the German manufacturers with whom we have to compete, and although our costs for material are also higher, the principal cost of our goods is that for labor, wages paid in the German glass-marble industry being as per copy of letter inclosed, which was addressed us in reply to our inquiry by American Consul General Frank Dillingham, of Coburg, Germany, under date of August 12, 1912. Our own labor costs are as follows:

Adult male marble makers, \$4 per day of 8 hours, \$24 per week. Minor female marble packers, \$1.75 per day of 8 hours, \$10.50 per week.

In the face of the sharp competition from abroad this industry can not long continue without tariff protection.

Thanking you for the courtesy of careful consideration of the facts we are submitting, and hoping for action favorable to the continuation of our business, we remain,

Respectfully, yours,

THE M. F. CHRISTENSEN & SON Co.,
H. C. HILL, *Secretary*.

AMERICAN CONSULAR SERVICE,
AMERICAN CONSULATE GENERAL,
Coburg, Germany, August 12, 1912.

THE M. F. CHRISTENSEN & SON Co.,
Marble Manufacturers, Akron, Ohio, U. S. A.

GENTLEMEN: In reply to your inquiry of July 22, 1912, you are advised that the following wages (in American money) prevail in the glass-marble industry in this (Thuringian) part of this consular district, namely:

Day adult marble makers, \$4.76 to \$6.85 and \$7.14 per week by the job of 12 hours per day; night adult marble makers, \$5.43 to \$5.71 per week by the job of 10 hours

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a day; tube pullers, \$4.76 per week by the job of 8 hours a day; tube blowers, \$8.33 per week by the job of 8 hours a day; minor female marble packers, \$2 per week by the job of 10 hours a day; minor female marble grinders, \$2.57 to \$2.86 per week by the job of 10 to 11 hours a day.

The exports of marbles to the United States in 1908 carried a value of \$14,494.95; in 1912, \$7,227.74.

No glass castor balls are exported through this consulate general.

Prevailing prices of glass marbles to purchasers in the United States are about 1 mille glass marbles, all fine No. 1, 6.50 marks (\$1.55); 1 mille glass marbles, all fine No. 2, 8.80 marks (\$2.09); 1 mille glass marbles, all fine No. 3, 12.50 marks (\$2.98).

I am, however, unable to give you the cost of manufacture aside from the wages paid and above given, nor the cost of transportation to America.

Yours, truly,

F. DILLINGHAM,
American Consul General.

MITRED BOX CO. (INC.),
New York, January 27, 1913.

The CHAIRMAN WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: We understand that there is now on foot before your committee a movement to reduce the tariff on toys. In such a movement we are vitally interested, for the reason that we have undertaken the manufacture and marketing of an article that to-day constitutes the chief item of the toy industry, namely, that of making a fully jointed doll with movable eyes, an article never before made in the United States. To produce such an article in competition with the doll imported from Germany, the home of the world's doll industry, has been no small task. It required endless experimentation, the outlay of considerable capital, and now, when our efforts have been crowned with success, in spite of the great obstacles we had to overcome, just now when we are so far advanced as to put our goods on the market, any prospect looking toward a reduction of the tariff on toys is a matter of grave concern to us.

A fair estimate of the capital we have already invested in the making of our doll puts the sum at \$50,000. A like sum would inevitably have to be invested if we remain undisturbed and able to further develop our plant, to meet the demand that already exists for our goods. We employ at present about 150 persons, a number that will rapidly rise to a higher one in our establishment, to say nothing of the fact that, once we have established the feasibility of doll production in America in competition with Germany, a task hitherto thought impossible, others are bound to take up the work, and a new industry in this country will result.

Aside from the specific article we are producing, it will be well to consider the doll industry as a whole, such as it exists in America. The public can to-day purchase American-made dolls from 10 cents up. That industry, in so far as it has got a foothold, has been built up in this country under enormous difficulties and in the teeth of the most destructive competition conceivable. It could only have been done under the shield of a protective tariff. It can only be maintained under that shield because still too undeveloped to be able to exist under a condition of unrestricted foreign competition. And yet, though still in its infancy, there are possibilities of the investment in the doll industry in this country of many millions of dollars, plus the many more millions that are already invested in the entire toy industry. These investments, our own included, we consider seriously menaced, if not for the most part hopelessly lost, should there be a reduction of the tariff rates on toy imports.

We know that so far as we are concerned it would be impossible to exist were we at this time to encounter unaided the competition of the highly developed and powerful doll industry of Germany.

We respectfully request that our interests and our argument on behalf of these interests be given earnest consideration, both for the sake of the people who have invested their funds in our establishment and for the sake of those who have found employment therein and thereby an opportunity to earn a living. We remain,

Respectfully, yours,

MITRED BOX CO.,
ADOLPH KLEIN, *President.*

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THE IVES MANUFACTURING CORPORATION,
Bridgeport, Conn., January 25, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The following brief statement may be of interest to you in connection with the tariff problems which you have to solve, and a careful perusal of the facts, all of which can be substantiated, we hope will enable you to appreciate the position in which we are placed as to the manufacture of a product which has grown more in favor each year with the American buying public.

Our business on the mechanical railways started in a small way in 1900, and at that time met with almost a failure; but persistence on our part and radical changes in construction brought it more into favor during the two or three years following. Another radical change in construction brought it rather more into competition with the foreign product, which, at that time, was not as substantial nor as well made as it is at the present time, and by our efforts and constant improvement we not only raised the standard of our own goods, but were the means of raising the standard of all imported articles of a similar character.

It was predicted by many that goods of this character could not be successfully manufactured in the United States, but we have demonstrated that it can be done. We have now a very nice business established, and our product enjoys considerable popularity. We are frank to confess that the German manufacturers do not appreciate our efforts and the last two years have been offering extraordinary values in order to take business away from us.

We have had to protect ourselves as best we could. The means adopted was that of publicity work. This, as you may know, is very expensive, and we spent large sums to keep our product in the minds of the American buying public. All of this has rendered the net returns much smaller than that ordinarily received from manufacturing concerns doing a corresponding amount of business.

We employ 75 hands which are more or less skilled in work of this character, and during the last six months of the year, the number is increased to 130. A large amount of machinery and dies are also necessary to produce our goods.

Three years ago we added electricity to our lines, so that we manufacture both the electric and mechanical railways. You will note by looking through our catalogue that we make a large variety of accessories and equipment, all of which go to make a complete railway, and we feel that these items, when handled by a small boy, act more or less as an educational feature.

Our business has been built up under the present tariff rate, and we know that if you were to make a careful perusal of our books and note the annual statements they would prove to you conclusively that we were none too well protected.

As we understand that there would be no chance of any raise in the tariff, we take this means of addressing you with the hope that you can see your way clear to at least have the tariff remain as it is. Even so, we will have to resort to all means to hold our trade against the ever increasing German invasion. Do not take it that we fear competition on an equal basis. In fact, we court it, as it is the stimulant of all business, but it is hard to meet it when handicapped.

The writer of this letter is willing to bring books and statements before your committee, but would, of course, hesitate about doing so in an open hearing. The representative of the American toys industry will tell you other important facts concerning this branch of business, which we know will be of interest to you in many respects.

The miniature railway industry of this country, which is showing rapid growth, would be more seriously affected by a change of tariff than some other items. At the same time, we are not offering this suggestion with the thought that we want more than is our due.

We hold ourselves in readiness to meet any call you may make upon us in the way of further data or explanation.

Yours, truly,

THE IVES MANUFACTURING CORPORATION,
H. C. IVES, Treasurer.

THE A. SCHOENHUT CO.,
Philadelphia, January 24, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We are manufacturers of toys and novelties. Our business was started in a very small way by Albert Schoenhut (now deceased) 41 years ago. We

PARAGRAPH 431—TOYS.

can assure you that it was uphill work in the face of the strong German competition, and final success was only made possible because of the United States tariff on toys, which was never too high. Even now, on account of the ever increasing cost of material and labor in this country, we feel the German competition very keenly and steadily encroaching on our business, decreasing our sales materially with the present rate of duty in force.

Furthermore, the Japanese are already deeply interested in the toy business, and even with the present tariff protection of 35 per cent will before long raise havoc with American toy industries and should the tariff be reduced it certainly will mean ruin to many of our toy industries that were built up after many years of the severest perseverance.

Our business represents a large proportionate investment of again half as much as the amount of annual business done, which is due to the bulky nature of toys requiring large storage capacity and a great variety of special and expensive machinery, tools, dies, etc., to produce the various lines of our products. To reduce the present United States tariff on toys would mean the next thing to ruin to our business.

We pray you, honorable gentlemen, in view of the above-mentioned facts, not to reduce the present rate on toys.

Hoping you will give this matter your favorable consideration, we remain,

Yours, very respectfully,

THE A. SCHOENHUT Co.,
A. F. SCHOENHUT, *President.*

E. I. HORSMAN CO. (INC.),
New York, January 28, 1913.

Mr. DE WITT C. BAKER,

In care of the Baker & Bennett Co., City.

MY DEAR MR. BAKER: With reference to our opposition as manufacturers to any decrease in the tariff on toys, I would like to offer a few facts relating to the manufacture of dolls in which our firm is deeply interested.

Only four or five years ago, when we began the manufacture of unbreakable dolls in America on a considerable scale, there was practically no such thing as an American doll industry, although we had been manufacturing rag dolls on a small scale for a dozen years or more previous.

The fact that we were able to offer dolls with unbreakable heads made by a special process, enabled us to make our start even although our first attempts were comparatively crude. The teaching of experience and repeated improvements in method and installments at large expense of special machinery have now enabled us to make a line of dolls, which, with the aid of the present duty, enables us to find a market for the product of a good-sized factory, and we believe that under the continuance of the present rate of 35 per cent duty on dolls, we can look forward to a gradual increase in the production of these American dolls. We are frank to say, however, that were the duty of 35 per cent to be reduced even to 25 per cent, this budding doll industry in America would be crushed at once, since we could not hope to overcome by special machinery in this line the advantage which Germany holds by its cheap labor. It must be remembered that the most essential operations in doll making are necessarily handwork.

Japan must also be regarded as likely to be a dangerous competitor in all classes of toys as well as dolls should the present duty be modified. Japanese are already making such articles in our line as baseballs of the cheaper grade, which despite the duty are better than anything we can make here at an equal price.

American manufacturing in the toy field generally has been slowly but steadily growing to the dimensions of a modest but healthy industry under the present 35 per cent duty, and there would seem every reason for letting it continue its present non-monopolistic growth.

Very truly, yours,

E. I. HORSMAN CO.,
E. I. HORSMAN, Jr.,
Vice President.

PARAGRAPH 431—TOYS.

THE KENTON HARDWARE CO.,
Kenton, Ohio, January 25, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: It has been brought to our attention that there is a movement on foot by certain importers of toys, who are not manufacturers and not financially interested in the manufacture of toys in this country, who expect to present a petition to your committee for a reduction on present rate of tariff on toys.

We most emphatically protest against any reduction in present tariff rate on toys. Foreign manufacturers, principally in Germany, copy American made toys, and send them over here, and place them on the market at prices that the American manufacturer can not meet. Besides, toys imported into this country, principally by Germany, are such large values and offered at prices that the American manufacturer can not meet.

They are able to place their production in this market at a price, including present tariff, which, if met by American manufacturers, would mean their financial ruin. The imports are increasing annually, whereas the production on toys of domestic manufacture has not been increased, due to the total volume of business that we are able to do on domestic toys, being reduced on account of inroads being made into the total volume of business by toys that are imported, notwithstanding the present tariff rate.

If there should be any change in the tariff rate, we believe that in justice to the American manufacturer, the tariff should be raised instead of reduced.

Trusting that your committee will give this matter the serious consideration it deserves, and see that home production is protected by maintaining the present tariff rate, for which we thank you in advance, we beg to remain,

Yours, very truly,

THE KENTON HARDWARE CO.,
L. S. BIXLER, President.

THE WILKINS TOY CO.,
Keene, N. H., January 27, 1913.

The CHAIRMAN AND MEMBERS WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Regarding the import duty on toys and its effect upon lines which we manufacture: we beg to state our position briefly as follows:

We have made for 20 years cast gray and malleable iron toys, and our business on same increased from year to year until 1907 and from which date there has been a substantial decrease, and we understand there has been a corresponding decrease in the total amount of these goods made in the United States. Three important concerns have retired from the manufacture of iron toys in recent years, two of which lines are entirely off the market and one partly reestablished by new interests.

We do not know that there is any direct foreign competition in iron toys, but we have been informed by our salesmen that imported sheet-metal toys have replaced these goods among the trade and under a continuation of the present tariff schedule the prospective conditions for the manufacturer of iron toys are not pleasant to contemplate.

About 14 years ago we introduced a line of spring motor automobile toys to retail for \$1 and \$1.50, and later brought out two numbers to retail for 50 cents. We have endeavored to develop lower-priced goods, but as yet have been unable to create anything which compares favorably with imported values. We are absolutely unable to meet foreign competition on low-priced mechanical toys, but thus far we have enjoyed a limited volume of business on better goods, although at a small margin of profit. We are the only manufacturers in this country making a line of automobile floor toys, so far as we know. Others have entered the field and withdrawn after a year or two and which is an indication that we have given a great deal of thought to efficient methods in order to maintain our position.

In your consideration of the difference in domestic and foreign labor costs, we trust you will go beyond that which enters directly into production. We respectfully invite your attention to the skilled labor required for making dies and tools necessary for the production of sheet-metal toys. The higher price paid here for skilled tool-makers is in itself a severe handicap for American manufacturers. It means in this country a large investment for tools and a rapid depreciation to meet each season. And in addition to this is the higher cost of executive and clerical service and other items which enter into overhead expense.

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We believe the present tariff does not properly protect the manufacturer of metal toys and we believe the increasing preponderance of imported toys which is particularly evident during the holiday season should furnish sufficient argument against any reduction in the tariff rate on these goods.

Respectfully submitted.

THE WILKINS TOY CO.,
By H. T. KINGSBURY.

LEO SCHLESINGER & Co.,
New York, January 28, 1913.

Mr. DE WITT C. BAKER,
643 Broadway, City.

DEAR SIR: Answering yours of the 23d, we inclose our check for \$10 toward defraying expense of counsel, and have sent you herewith three of our catalogues, and in the brief of the counsel would like you to make use of the following:

We would ask you to refer to pages 31 to 38. This is a class of goods that is only made in Europe, and we are the only manufacturers in this country. We have invested in this department about \$60,000, and the difficulty we have to compete is the great difference in prices paid in Europe for labor, as they pay the same in marks that we do in dollars, besides the difficulty we have in getting the proper artists to do this work.

The committee have surely had the lithographers before them regarding the great difference between Europe and this country in lithography, and with the duty now on this class of goods it is hard to compete with Europe, as they are imported to a very large extent.

We can not sell these goods at the same price as the imported goods, and can only sell them to such houses that do not go abroad and must buy in this country, as their purchases are not large enough to warrant the expense of purchasing abroad. On this class of goods there should be the same protection as the lithographers have. The only difference between their protection and ours is that we lithograph on tin while they lithograph on paper.

If there should be the slightest reduction on this class of goods we might as well close this branch, as we should never be able to sell this class of goods should the duty be lower. We should have an increase, but the tendency at the present to decrease, we prefer to have the duty remain as it is without any change.

Yours, very truly,

LEO SCHLESINGER & Co.

THE SCHIEBLE TOY & NOVELTY CO.,
Dayton, Ohio, January 27, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We are informed your committee are about to act on the advisability of a reduction in the tariff on toys, and in view of the conditions which exist between foreign-made toys and American products, we bitterly oppose any such movement as to any reduction, as it will surely be a great hardship on American industries to compete with cheap foreign labor, which the toy manufacturers know exists abroad in the manufacture of toys and novelties.

We, as one of the great many toy manufacturers of this country, have been striving in the past years to overcome foreign-made cheap toys, whereby we could produce as good, if not a better class of toys, for our home markets, and at the same time be in a position to help our fellow workmen (the wage earner), who must be deeply considered in this matter, as in case a reduction is made in the tariff on foreign toys it is very clear to all toy manufacturers of the United States we would undoubtedly be compelled to reduce our present cost of manufacturing, which of course, would undoubtedly mean a cut in wages to the wage earner, and in view of the high cost of living, would be a great hardship on all employees in the toy industries of the United States. Under the circumstances, we trust your committee will not disturb the tariff on toys, and stand by the people and the good industries of the United States, who are endeavoring to make the United States the most prosperous and leading nation in the world.

Yours, very truly,

THE SCHIEBLE TOY & NOVELTY CO.,
W. E. SCHIEBLE, President.

PARAGRAPH 431—TOYS.

PETER F. PIA (INC.),
New York, January 24, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We herewith send catalogues, showing toys and novelties which we manufacture, and upon which we meet keen competition from the foreign manufacturers, even at the present toy tariff, on account of their low cost of labor in manufacturing.

These toys require much labor and are made of mostly composition metals of lead, block tin, and antimony, and kindly ask that the present toy tariff be advanced, or at least upheld, in order to protect us and other domestic toy manufacturers.

Hoping you will favor us in this matter, and thanking you in advance, we are,

Yours, very truly,

PETER F. PIA (INC.).
W. KAESSINGER.

MYSTO MANUFACTURING CO.,
New Haven, Conn., January 25, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: As one of the many rapidly growing toy manufacturing concerns in the United States, we believe that with ample protection we can continue the present increase in our business and offer employment to both skilled and unskilled labor to a very much larger number of men and women.

Your cooperation can undoubtedly place the manufacturers of toys on an equal basis with our foreign competitors.

Very truly, yours,

THE MYSTO MANUFACTURING CO.,
Per A. C. GILBERT.

THE EMBOSSING CO.,
Albany, N. Y., January 24, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We understand that there is a movement on foot before your honorable committee for the purpose of obtaining a reduction in the tariff on toys and that your committee will give a hearing on the subject on the 29th instant.

The lines manufactured by this company consist of alphabetical blocks for children, checkers, and dominoes, all made of wood. Similar items are imported from foreign countries under the classification of toys, and from the conditions found in our trade it is our belief that the present tariff does not afford more than reasonable protection.

We are very much concerned over any prospect of a reduction in the present tariff on toys, because of the unusual conditions which obtain in trade on our lines. All our items, excepting one or two, which comprise an insignificant part of our business and are not to be considered, sell at very low prices which can not be changed without seriously limiting the volume of business which may be done, and in lines like ours volume is everything.

The principal material entering into our products is lumber, and, as you undoubtedly know, the price for this has advanced very rapidly during the past few years, as have the costs of the other materials we use. In addition to these, wages have rapidly risen and, in connection with the advanced costs of materials, have increased our manufacturing costs very much, and on account of our inability to change the established selling prices we have each successive year been obliged to work on a smaller margin.

The profit we earn is not excessive and only commensurable with the return which might reasonably be expected on our investment in the business. The present tariff, we believe, does not afford any more than reasonable protection to ourselves and other manufacturers of lines in the same classification as ourselves, and we solicit your earnest consideration of the facts herein in disposing of the question.

Yours, very truly,

THE EMBOSSING CO.,
ALEX. R. MCKENZIE, Jr.,
Treasurer.

PARAGRAPH 431—TOYS.

DAISY MANUFACTURING CO. (INC.),
Plymouth, Mich., January 25, 1913.

THE WAYS AND MEANS COMMITTEE OF CONGRESS,
Washington, D. C.

GENTLEMEN: We desire to enter a protest against any reduction in the tariff on our line of manufacture. We started in business 24 years ago, manufacturing toy air rifles. When the industry was started, we employed only a dozen men and very little capital. The business has grown steadily each year, until we now have upward of \$150,000 capital engaged in the business and employ on an average of 160 people.

We believe that a change in the tariff that would permit goods similar to ours being shipped from European countries, where the scale of wages is much lower than ours, would seriously handicap us and perhaps be the means of destroying the industry that has taken many years to build up.

We trust your committee will have the time to get full information on the subject before any recommendation is made, and if you will do this we feel satisfied that you will look at the matter in exactly the same way that we do.

Yours, truly,

DAISY MANUFACTURING CO.,
E. C. HOUGH, *Treasurer*.

DAYTON FRICTION TOY WORKS,
Dayton, Ohio, January 25, 1913.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We understand that there is a movement on foot before your committee to obtain a reduction in the tariff on toys, which we understand to be 35 per cent.

We manufacture mechanical toys and employ over 100 people. Our Mr. Clark has personally visited the German manufacturers in Nuremberg, and saw all girls working on punch presses at less than half the wages that are paid in our factory.

Toys are now imported into the United States and some sold for 10 cents, giving a profit to the retailer as well as the jobber and commission man, that it would be impossible for us to manufacture at a profit at the price charged by the retailer. We have examined some of these dies, and some of the 10-cent toys imported into this country have 19 different operations on them. The same condition exists relative to toys imported into this country and sold at higher prices.

Without protection against foreign toys we would not be able to continue in business, as it is impossible to employ labor in the United States at a price which would compete with that paid to employ labor in the old country.

We therefore can not urge too strongly that the present tariff rate on imported toys be not reduced, as we feel that it would be a factor in eliminating the manufacture of toys in the United States.

Respectfully, yours,

DAYTON FRICTION TOY WORKS,
D. P. CLARK, *Proprietor*.

THE J. & E. STEVENS CO.,
Cromwell, Conn., January 24, 1913.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned, the J. & E. Stevens Co., of Cromwell, Conn., are manufacturers of iron toys, consisting of banks, safes, toy cap pistols, etc., as catalogue describes.

Established in 1843, one of the oldest, if not the oldest, iron toy manufacturers in the world, our business has been successful through tariff protection and that only. Reduce the tariff and we are up against it, for we can not compete with foreign labor, materials, or supplies.

I will cite one case that came to the hand of the writer about two months ago. One of our customers sent a sample of the "Lion" cap pistol, made in England, stating that they were selling them at \$1.25 per gross, while the one we manufacture, the same name and weight, costs more than twice that amount to manufacture, or \$2.60 net. Why? The laws of Connecticut will not allow us to employ help under 16 years of age. They receive from \$7 to \$10 and even \$12 per week in wages, while in other countries \$3 per week is considered very high, as the writer has been told by foreigners that he has employed.

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It is the same with materials and supplies, for they, too, are manufactured by cheap labor, even to the marketing of their product.

By reducing the tariff I can only see, by 35 years in the toy business, to compete with foreign countries, lower wages to employees or closed factory doors.

Yours, very truly,

THE J. & E. STEVENS CO.

P. S.—Our yearly business amounts to from \$85,000 to \$100,000, and employ from 80 to 115 laborers.

THE J. & E. STEVENS CO.
C. B. FRISBIE.

SAGINAW WOOD PRODUCTS CO.
Saginaw, Mich., January 25, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We are very much interested in the question of tariff on toys, which we believe is to be brought up before your committee on the 29th of this month.

We are sending you, under separate cover, three copies of our recent catalogues, which will show you the line we manufacture.

We feel strongly that as far as our own business is concerned it would be detrimental to have the tariff on toys reduced.

We sincerely hope that the present tariff will be maintained. We feel that if this tariff is reduced it will affect our business to such an extent that we can not continue.

Very respectfully, yours,

SAGINAW WOOD PRODUCTS CO.
Per WM. S. NEWBOY, *Secretary.*

Witness also filed with the committee two publications of playthings in the year 1912 and two portfolios containing catalogues of toy manufacturers.

BRIEF OF THE STROBEL & WILKEN CO., NEW YORK.

NEW YORK, *January 18, 1913.*

For the purpose of removing all doubt as to the proper classification, we recommend paragraph 431 to read as follows:

"Dolls, and parts of dolls, doll heads, toy marbles, artificial Christmas trees, Christmas-tree candle holders, and other articles made expressly to ornament Christmas trees, of whatever materials composed, filler toys, and all other toys and parts of toys not composed of china, porcelain, parian, bisque, earthen or stone ware, 25 per cent ad valorem."

We are asking for a reduction on the toy schedule from 35 to 25 per cent ad valorem, believing that it will give the American manufacturers sufficient protection and probably increase the revenue. Allowing for transportation, approximately 20 per cent of the cost of the merchandise, the domestic manufacturer would have a protection of 40 to 50 per cent, which ought to be more than ample, as is evidenced by the very successful competition of the American manufacturers. It is necessary, therefore, that the cost of transportation be considered a protection to the home manufacturer as well as the duty itself.

Owing to the voluminous nature of toys, the ocean freights (which are generally figured on measurements) are abnormally high so that the landing cost from factory to American seaport would easily figure at 20 per cent of the value of the merchandise and in many cases, where the goods are bulky, as high as 30 and 35 per cent, and still higher.

To illustrate, we select at random one case of dressed dolls. This case measures $1\frac{1}{2}$ cubic meters. Notwithstanding its large size the merchandise contained in it and which fully filled the case amounts to \$31.20. Freight from factory to foreign seaport, \$1; ocean freight, at \$2.85 per cubic meter, \$4.85; cartage, 30 cents; total for transportation, \$6.15. The freight charges amount to just 20 per cent, and when you add to this the cost of the case at \$2.60, on which 35 per cent duty must also be paid, you have a total of \$3.52 or about 12 per cent on the merchandise, which together with the freight makes a total of 32 per cent. Contrast this with other lines of less

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volume and higher value, such as notions, gloves, hosiery, jewelry, and the like, and it will be found that the freight charge will often not exceed 1 or 2 per cent. It must be obvious, therefore, that freight charges are indeed a big factor in the cost of such merchandise as toys and dolls and incidentally work out a great protection for the American manufacturer.

With the general advance of the cost of labor, raw material, etc., in foreign countries, prices for the finished product have been advanced correspondingly so that a successful competition of imported toys with the American becomes more difficult each year to the extent that it has already become impossible to import many lines in which formerly a large business was done.

Most respectfully submitted.

THE STROBEL & WILKEN CO.,
E. STROBEL, *President*.

BRIEF OF THE MITRED BOX CO., NEW YORK, N. Y.

NEW YORK, *January 27, 1913.*

The CHAIRMAN WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: We understand that there is now on foot, before your committee, a movement to reduce the tariff on toys. In such a movement we are vitally interested, for the reason that we have undertaken the manufacture and marketing of an article that to-day constitutes the chief item of the toy industry, namely, that of making a fully jointed doll with moveable eyes, an article never before made in the United States. To produce such an article in competition with the doll imported from Germany, the home of the world's doll industry, has been no small task. It required endless experimentation, the outlay of considerable capital, and now when our efforts have been crowned with success in spite of the great obstacles we had to overcome, just now when we are so far advanced as to put our goods on the market, any prospect looking toward a reduction of the tariff on toys is a matter of grave concern to us.

A fair estimate of the capital we have already invested in the making of our doll, puts the sum at \$50,000. A like sum would inevitably have to be invested if we remain undisturbed and able to further develop our plant, to meet the demand that already exists for our goods. We employ at present about 150 persons, a number that will rapidly rise to a higher one in our establishment, to say nothing of the fact that, once we have established the feasibility of doll production in America in competition with Germany, a task hitherto thought impossible, others are bound to take up the work, and a new industry in this country will result.

Aside from the specific article we are producing it will be well to consider the doll industry as a whole, such as it exists in America. The public can to-day purchase American-made dolls from 10 cents up. That industry, in so far as it has got a foothold, has been built up in this country under enormous difficulties, and in the teeth of the most destructive competition conceivable. It could only have been done under the shield of a protective tariff. It can only be maintained under that shield because still too undeveloped to be able to exist under a condition of unrestricted foreign competition. And yet, though still in its infancy there are possibilities of the investment in the doll industry in this country of many millions of dollars, plus the many more millions that are already invested in the entire toy industry. These investments, our own included, we consider seriously menaced, if not for the most part hopelessly lost, should there be a reduction of the tariff rates on toy imports.

We know that so far as we are concerned, it would be impossible to exist, were we at this time to encounter, unaided the competition of the highly developed and powerful doll industry of Germany.

We respectfully request that our interests and our argument on behalf of these interests be given earnest consideration, both for the sake of the people who have invested their funds in our establishment, and for the sake of those who have found employment therein, and thereby an opportunity to earn a living. We remain,

Respectfully, yours,

MITRED BOX CO.,
ADOLPH KLEIN, *President*.

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STATEMENT OF GEO. BORGFELDT & CO., NEW YORK CITY.

JANUARY 17, 1913.

Hon. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: As importers of various lines coming under Schedule N, we respectfully submit the following suggestions:

Paragraph 427, Payne bill. Buttons should pay ad valorem duty and not by line measurement, for the reason that the rate on large buttons under a line measurement is practically and intentionally prohibitive, although not admitted to be so.

Agate buttons are not made in this country, and the specific rate now assessed is equivalent to an ad valorem rate of about 100 per cent. Pearl buttons are made in this country, but imports are insignificant on account of the exorbitant rates. Metal and bone trouser buttons, owing to the effect of the specific rate of duty, are also practically excluded. We suggest a division of paragraph 427 on the same lines as contained in the Wilson bill. We recommend an ad valorem duty of 40 per cent on pearl buttons; 40 per cent on metal and bone trouser buttons; and a proportionately higher ad valorem rate on agate buttons, changing, however, the present exorbitant compound duties to a reduced ad valorem duty, for, while present duties do not prevent importation, they do not permit as large a revenue as could be secured by a more reasonable rate. As already stated, agate buttons are not made in this country.

Paragraph 430, Payne bill. Merchandise covered by this paragraph should pay duty according to the material of chief value.

Paragraph 431, Payne bill, should be amended to read:

"Dolls, and parts of dolls, doll heads, toy marbles, artificial Christmas trees, Christmas-tree candle holders, and other articles made expressly to ornament Christmas trees, of whatever materials composed, filler toys, and all other toys and parts of toys not composed of china, porcelain, parian, bisque, earthen or stone ware," as Christmas-tree articles, are clearly in the nature of toys, being used to decorate Christmas trees, and should therefore come in at the toy rate, although, by a decision of the board, sustained by the courts, they are now held not to be toys, while small candles for use in lighting up Christmas trees are held to be toys—clearly one is as much a toy as the other. It is further recommended that the phrase "and not specially provided for in this section" be eliminated, for the reason that otherwise cheap and fragile chains of glass beads of insignificant value will be held dutiable as beaded articles at 60 per cent on all fours with strings of beads of considerable value.

Other toy jewelry of various kinds and of very low value, although only fit for children to play with, are classified other than toys, owing to this phrase, "and not specially provided for in this section." We recommend that this phrase be eliminated, because if an article is in its full and broad sense a toy, and provable by trade designation and commercial understanding to be such, then as a toy it should pay duty.

We call attention to the memoranda attached showing, in regard to a diversified line of toy items, the actual percentage of protection beyond the 35 per cent rate ad valorem provided by the Payne bill.

Paragraph 436, Payne bill.—This paragraph has caused much litigation and hardship in attempting to define what is a fancy match and what is a taper. Under the ruling of the Treasury Department, all candles, from the minute tapers to those several inches in diameter and 6 feet long, are tapers. The night lights previously referred to (see *Hearings Ways and Means Committee*, book 5, Jan. 10, 1913, last paragraph, p. 762), although manufactured of stearin, were classified here as wax tapers at 35 per cent, or as manufactures of metal; and the customs court found them to be dutiable at 45 per cent as in part of metal.

Paragraph 438, Payne bill.—This paragraph was clearly intended to cover, among other items, such imitations of fruits, leaves, etc., as are used for millinery purposes. The appraising officers, however, classify all fruit, leaves, etc., as artificial fruit, etc., whether suitable for millinery purposes or not. It is recommended that only such artificial fruits, leaves, etc., as are suitable for millinery ornaments or other decorative purposes be clearly defined and embraced in this paragraph.

Paragraph 448, Payne bill.—This is another illustration of the devious methods and hidden provisos by which heavy and prohibitive duties are exacted, and evidently drawn to hide the purpose of exacting 85 per cent duty on articles of ornaments, such as mock jewelry, brooches, rings, hatpins, dress buttons, etc. Congress should in clear and unambiguous terms state a rate of duty and not hide the intent behind

PARAGRAPH 431—TOYS.

ascending scales of specific duties, plus ad valorem duties and concealed provisos. The importation of merchandise can be adjusted to meet any fair rate of duty, and one should know, as a matter of right, what that duty is meant to be, expressed in clear and unambiguous terms.

The duty on jewelry is 60 per cent, and it is not reasonable to suppose that it is intended to place a higher rate of duty on articles used by the great mass of consumers which are not composed in chief value of precious metals or precious stones. The great bulk of the articles comprised under this paragraph should certainly not be assessed at a higher rate of duty than jewelry proper, and we recommend that a difference of rates be maintained between actual jewelry, as above defined, and so called mock jewelry by 15 per cent at least.

Paragraph 463 and 464 of Payne bill.—We recommend that this paragraph read: "Manufactures of rubber, bone, chip, grass, horn, quills, india rubber, palm leaf, straw, weeds, whalebone, ivory, gallalith, etc.," for the reason that gallalith is a new product used in industry similar in kind to some of the substances enumerated in this paragraph, but heretofore not provided for and not in extended commercial use at the time this paragraph was drawn.

The present tariff on manufactures of rubber is 35 per cent; formerly the tariff on hard rubber goods was 30 per cent and on soft rubber goods 25 per cent.

A powerful combination or trust exists in the United States on hard rubber combs, and with their excellent machinery and facilities they are even in a position to ship American manufactured combs to Europe. This trust succeeded in having the duty on rubber combs advanced to 35 per cent. In our judgment 25 per cent protection is all that is justified, with the enormous advantages in machinery the Americans have over the Europeans.

On soft rubber goods a fair duty would be between 20 and 25 per cent, because the grade of soft rubber goods manufactured in the United States can not be imported; only such soft rubber goods which comprise specialties and which are not made in the United States can at present be imported at the present high tariff.

On the other hand, the American manufacturers are swamping the European market with their products and can and do sell abroad enormous quantities of soft rubber goods without any great effort.

Rubber sponges.—On account of one single rubber sponge manufacturer in Chicago, the last Tariff Commission advanced the rate of duty on rubber sponges to 40 per cent. This very manufacturer thus kept out all European competition, while on the other hand, he sells his product at a much lower price all over Europe, in quantities, than he sells to his American consumers. The name of this manufacturer is "The N Tire Rubber Manufacturing Co., of Chicago, Mr. Felix, Owner." The duty on rubber sponges ought to be the same as on soft rubber goods. In Germany American rubber goods pay about 3 per cent ad valorem duty.

In connection with the duty on combs in paragraph 463, your committee's attention is directed to the fact that all combs should pay duty according to the component material of chief value, as metal combs, horn combs, rubber combs, ivory combs, gallalith combs, etc.

Paragraph 465, Payne bill.—Should be amended to include all masks in chief value of paper or pulp.

Paragraph 472, Payne bill.—Should be amended to include "pencil tips with or without rubber." Also the duty on all pencils should be lowered and made ad valorem exclusively and not compound rates. The present duty is practically prohibitive on cheap pencils.

Reference to the statistics will show that imports are small in themselves and to our knowledge represent much high-grade pencils as "Hardmuth, A. W. Faber," and kindred brands. The revenue under this paragraph would certainly be materially increased without damage to the domestic interests by establishing a competitive rate of 25 per cent ad valorem.

Respectfully,

GEO. BORGFELDT & Co.

CURT G. PFEIFFER, *Vice President.*

EXAMPLES SHOWING PERCENTAGE OF PROTECTION ON TOYS.

The duty on toys and dolls is 35 per cent, but as shown in the following examples it amounts to from 37 to 44 per cent of the value of the merchandise owing to 35 per cent duty being assessed on the value of the case as well.

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[One case containing 36 dozen tin sand pails at 1.66 marks (39½ cents) a dozen, \$14.22. Weight of case, 209 pounds. Measurement, 29½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$1.68	11.8
Freight from German factory to European port.....	.95	6.7
Ocean freight to New York (7.79 cents a cubic foot).....	2.29	16.1
Marine insurance, customs entry, loss 1 month interest, cartage.....	.68	4.8
35 per cent duty on value of goods.....	\$14.22	
35 per cent duty on value of case.....	1.68	
	15.90	39.2
Total.....	11.17	78.5

On the basis of 1912 ocean-freight rates it costs \$11.17 to land in New York \$14.22 worth of tin sand pails, or 78.5 per cent.

[One case containing 12½ dozen magic lanterns at 7.29 marks (\$1.74) a dozen, \$21.75. Weight of case, 271 pounds. Measurement, 26 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.52	11.6
Freight from German factory to European port.....	1.09	5.0
Ocean freight to New York (7.79 cents a cubic foot).....	3.03	14.0
Marine insurance, customs entry, loss 1 month interest, cartage.....	.86	4.0
35 per cent duty on value of goods.....	\$21.75	
35 per cent duty on value of case.....	2.52	
	24.27	39.0
Total.....	15.99	73.6

On the basis of 1912 ocean freight rates it costs \$15.99 to land in New York \$21.75 worth of magic lanterns, or 73.6 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

One case containing 6½ dozen mechanical trains on tracks at 17.85 marks (\$4.25) a dozen, \$26.92.

	Value.	Per cent.
Cost of case.....	\$3.00	11.1
Freight from German factory to European port.....	1.30	4.8
Ocean freight to New York (7.79 per cent a cubic foot).....	2.69	10
Marine insurance, customs entry, loss 1 month interest, cartage.....	.96	3.6
35 per cent duty on value of goods.....	\$26.92	
35 per cent duty on value of case.....	3.00	
	29.92	38.9
Total.....	18.43	68.4

On the basis of 1912 ocean freight rates it costs \$18.43 to land in New York \$26.92 worth of mechanical trains with track, or 68.4 per cent.

[One case containing 6 dozen steam engines, at 18 marks (\$4.28) a dozen, \$25.68. Weight of case, 260 pounds. Measurement, 31½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.82	11
Freight from German factory to European port.....	1.05	4.1
Ocean freight to New York (79 per cent a cubic foot).....	2.43	9.4
Marine insurance, customs entry, loss 1 month interest, cartage.....	.97	3.8
35 per cent duty on value of goods.....	\$25.68	
35 per cent on value of case.....	2.82	
	28.50	38.9
Total.....	17.24	67.2

On the basis of 1912 ocean freight rates it costs \$17.24 to land in New York \$25.68 worth of steam engines, or 67.2 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

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[One case containing 18 dozen games of fishpond, at 3.38 marks (80.7 cents) a dozen, \$14.53. Weight of case 277 pounds. Measurement, 35 cubic feet.]

	Value.	Per cent.
Cost of case	\$1.54	10.6
Freight from German factory to European ports	1.12	7.7
Ocean freight to New York (7.79 cents a cubic foot)	2.73	18.7
Marine insurance, customs entry, less 1 month interest, cartage	.69	4.7
35 per cent duty on value of goods	\$14.53	
35 per cent duty on value of case	1.54	
	16.07	5.62
Total	11.70	80.5

On the basis of 1912 ocean freight rates it cost \$11.70 to land in New York \$14.53 worth of games, or 80½ per cent.

[One case containing 45½ dozen Noah's arks with animals, at 1.05 marks (25 cents) a dozen, \$11.38. Weight of case, 308 pounds. Measurement, 38 cubic feet.]

	Value.	Per cent.
Cost of case	\$2.59	22.8
Freight from German factory to European port	1.23	10.7
Ocean freight to New York (7.79 cents a cubic foot)	2.96	26
Marine insurance, customs entry, loss 1 month interest, cartage	.65	5.7
35 per cent duty on value of goods	\$11.38	
35 per cent duty on value of case	2.59	
	13.97	4.89
Total	12.32	108.3

On the basis of 1912 ocean freight rates it costs \$12.32 to land in New York \$11.38 worth of Noah's arks (wood) or 108.3 per cent.

Attention is called to the fact that the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

[One case containing 60 dozen wooden guns, at 1.59 marks (37.8 cents) a dozen, \$22.68. Weight of case, 407 pounds. Measurement, 27½ cubic feet.]

	Value.	Per cent.
Cost of case	\$1.46	6.4
Freight from German factory to European port	1.48	6.5
Ocean freight to New York (7 cents a cubic foot)	2.16	9.5
Marine insurance, customs entry, loss 1 month interest, cartage	.96	4.3
35 per cent duty on value of goods	\$22.68	
35 per cent duty on value of case	1.46	
	24.14	8.45
Total	14.51	63.9

On the basis of 1912 ocean freight rates it costs \$14.51 to land in New York \$22.68 worth of wooden guns, or 63.9 per cent.

[One case containing 5 dozen papier-mâché roly-poly, at 13.23 marks (\$3.14½) a dozen, \$15.74. Weight of case, 363 pounds. Measurement, 60 cubic feet.]

	Value.	Per cent.
Cost of case	\$2.20	14
Freight from German factory to European port	1.56	10
Ocean freight to New York (7.79 cents a cubic foot)	4.60	29.1
Marine insurance, customs entry, loss 1 month interest, cartage	.73	4.6
35 per cent duty on value of goods	\$15.74	
35 per cent duty on value of case	2.20	
	17.94	6.28
Total	15.37	97.7

On the basis of 1912 ocean freight rates it costs \$15.37 to land in New York \$15.74 worth of papier-mâché roly-poly, or 97.7 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

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[One case containing 3 dozen plush-covered horses, at 35.28 marks (\$8.40) a dozen, \$25.20. Weight of case 473 pounds. Measurement, 54½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$3.06	12.1
Freight from German factory to European port.....	1.51	6
Ocean freight to New York (7.79 cents a cubic foot).....	4.26	16.9
Marine insurance, customs entry, less 1 month interest, cartage.....	.95	3.8
35 per cent duty on value of goods.....	\$25.20	
35 per cent duty on value of case.....	3.06	
	28.26	9.89
		39.2
Total.....	19.67	78

On the basis of 1912 ocean freight rates it costs \$19.67 to land in New York \$25.20 worth of plush-covered horses, or 78 per cent.

[One case containing 6 dozen soldier suits, at 11.76 marks (\$2.80) a dozen, \$16.80. Weight of case, 345 pounds. Measurement, 82½ cubic feet.]

	Value.	Per cent.
Cost of case.....		
Freight from German factory to European port.....		
Ocean freight to New York (7.79 cents a cubic foot).....		
Marine insurance, customs entry, loss 1 month interest, cartage.....		
35 per cent duty on value of goods.....	\$16.80	
35 per cent duty on value of case.....	2.83	
		19.63
Total.....		

On the basis of 1912 ocean freight rates it costs \$18.12 to land in New York \$16.80 worth of soldier suits, 1 box, or 107.8 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

[One case containing 24 dozen sailboats, at 3.05 marks (72.6 cents) a dozen, \$17.42. Weight of case, 363 pounds. Measurement, 52 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.03	11.7
Freight from German factory to European port.....	1.51	8.7
Ocean freight to New York (7.79 cents a cubic foot).....	4.05	23.3
Marine insurance, customs entry, loss 1 month interest, cartage.....	.75	4.3
35 per cent duty on value of goods.....	\$17.42	
35 per cent duty on value of case.....	2.03	
	19.45	6.81
		39.1
Total.....	15.15	87.1

On the basis of 1912 ocean freight rates it costs \$15.15 to land in New York \$17.42 worth of sailboats, or 87.1 per cent.

[One case containing 36 dozen tin stoves fittings, at 2.93 marks (69½ cents) a dozen, \$25.11. Weight of case, 429 pounds. Measurement, 62½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$3.72	14.8
Freight from German factory to European port.....	1.87	7.4
Ocean freight to New York (7.79 cents a cubic foot).....	4.87	19.4
Marine insurance, customs entry, loss 1 month interest, cartage.....	.97	3.8
35 per cent duty on value of goods.....	\$25.11	
35 per cent on value of case.....	3.72	
	28.83	10.09
		40.2
Total.....	21.52	85.6

On the basis of 1912 ocean freight rates it costs \$21.52 to land in New York \$25.11 worth of fitted tin stoves, or 85.6 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

PARAGRAPH 431—TOYS.

One case containing 86 dozen paper horns, 26 inches long, at 36 marks (8.6 cents) a dozen, \$7.50. Weight of case, 242 pounds. Measurement, 46 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$1.85	25.0
Freight from German factory to European port.....	.91	12.3
Ocean freight to New York (7.79 cents per cubic foot).....	3.58	48.3
Marine insurance, customs entry, loss 1 month interest, cartage.....	.58	7.8
35 per cent duty on value of goods.....	\$7.40	
35 per cent duty on value of case.....	1.85	
	9.25	3.24
Total.....	10.16	137.3

On the basis of 1912 ocean freight rates it costs \$10.16 to land in New York \$7.40 worth of paper horns 26 inches long, or 137.3 per cent.

[One case containing 30 dozen decorated tin tea sets at 2.59 marks (61½ cents) a dozen, \$18.50. Weight of case, 353 pounds. Measurement, 57½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.76	14.9
Freight from German factory to European port.....	1.61	8.7
Ocean freight to New York (7.79 cents a cubic foot).....	4.48	24.2
Marine insurance, customs entry, loss 1 month interest, cartage.....	.81	4.4
35 per cent duty on value of goods.....	\$18.50	
35 per cent duty on value of case.....	2.76	
	21.26	7.44
Total.....	17.10	92.4

On the basis of 1912 ocean freight rates it costs \$7.10 to land in New York \$18.50 worth of decorated tin tea sets, or 92.4 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

[One case containing 36 dozen drums at 2 marks (47½ cents) a dozen, \$17.10. Weight of case, 352 pounds. Measurement, 66½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.64	15.4
Freight from German factory to European port.....	1.32	7.7
Ocean freight to New York (7.70 cents a cubic foot).....	5.19	30.3
Marine insurance, customs entry, loss 1 month interest, cartage.....	.77	4.5
35 per cent duty on value of goods.....	\$17.10	
35 per cent duty on value of case.....	2.64	
	19.74	6.92
Total.....	16.84	98.4

On the basis of 1912 ocean freight rates it costs \$16.84 to land in New York \$17.10 worth of toy drums, or 98.4 per cent.

[One case containing 62 dozen tin trumpets at 0.92 marks (21.9 cents) a dozen, \$13.58. Weight of case, 350 pounds. Measurement, 59 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$3.22	23.7
Freight from German factory to European port.....	1.41	10.4
Ocean freight to New York (7.79 cents a cubic foot).....	4.60	33.9
Marine insurance, customs entry, loss 1 month interest, cartage.....	.72	5.4
35 per cent duty on value of goods.....	\$13.58	
35 per cent duty on value of case.....	3.22	
	16.80	5.88
Total.....	15.82	116.7

On the basis of 1912 ocean freight rates it costs \$15.82 to land in New York \$13.58 worth of toy trumpets, or 116.7 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

PARAGRAPH 431—TOYS.

One case containing three pieces cabriolets with horses at various marks, a dozen. \$11.90. Weight of case, 176 pounds. Measurement, 37½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.31	19.4
Freight from German factory to European port.....	.56	4.6
Ocean freight to New York (7.79 cents a cubic foot).....	2.92	24.5
Marine insurance, customs entry, loss 1 month interest, cartage.....	.65	5.5
35 per cent duty on value of goods.....	\$11.90	
35 per cent duty on value of case.....	2.31	
	14.21	41.8
Total.....	11.41	95.8

On the basis of 1912 ocean freight rates it costs \$11.41 to land in New York \$11.90 worth of toy cabriolets, or 95.8 per cent.

[One case containing 6 dozen plush-covered horses and wagons, at 14.70 marks (\$3.50) a dozen, \$21.]

	Value.	Per cent.
Cost of case.....	\$3.06	14.6
Freight from German factory to European port.....	1.05	5.0
Ocean freight to New York (7.79 cents a cubic foot).....	4.26	20.3
Marine insurance, customs entry, loss 1 month interest, cartage.....	.86	4.1
35 per cent duty on value of goods.....	\$21.00	
35 per cent duty on value of case.....	3.06	
	24.06	40.1
Total.....	17.65	84.1

On the basis of 1912 ocean freight rates it costs \$17.65 to land in New York \$21 worth of plush-covered horses and wagons, or 84.1 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

[One case containing 30½ dozen toy furniture sets at 2.45 marks (58½ cents) a dozen, \$17.85. Weight of case, 317 pounds. Measurement, 52½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.59	44.5
Freight from German factory to European port.....	1.19	6.7
Ocean freight to New York (7.79 cents a cubic foot).....	4.09	23.0
Marine insurance, customs entry, loss 1 month interest, cartage.....	.80	4.5
35 per cent duty on value of goods.....	\$17.85	
35 per cent duty on value of case.....	2.59	
	20.44	40.0
Total.....	15.82	88.6

On the basis of 1912 ocean freight rates it costs \$15.82 to land in New York \$17.85 worth of toy furniture sets, or 88.6 per cent.

[One case containing 17 dozen fur-covered dogs, at 3.53 marks (84 cents) a dozen, \$14.28. Weight of case, 334 pounds. Measurement, 53½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$3.12	21.8
Freight from German factory to European port.....	1.44	10
Ocean freight to New York (7.79 cents a cubic foot).....	4.14	29
Marine insurance, customs entry, loss 1 month interest, cartage.....	.72	5
35 per cent duty on value of goods.....	\$14.28	
35 per cent duty on value of case.....	3.12	
	17.40	42.7
Total.....	15.51	108.5

On the basis of 1912 ocean freight rates it costs \$15.51 to land in New York \$14.28 worth of fur-covered dogs, or 108.5 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

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[One case, containing 11½ dozen dressed jointed dolls, at 8.90 marks (\$2.12) a dozen, \$23.85. Weight of case, 352 pounds. Measurement, 60 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.20	9.2
Freight from German factory to European port.....	1.53	6.4
Ocean freight to New York (7.79 cents a cubic foot).....	4.67	19.6
Marine insurance, customs entry, loss 1 month interest, cartage.....	1.02	4.2
35 per cent duty on value of goods.....	\$23.85	
35 per cent duty on value of case.....	2.20	
	26.05	9.10
Total.....	18.50	77.5

On the basis of 1912 ocean freight rates it costs \$18.50 to land in New York \$23.85 worth of dressed jointed dolls, or 77.5 per cent.

[One case containing 6 dozen dressed jointed dolls, at 16.50 marks (\$3.93 a dozen), \$23.58. Weight of case, 286 pounds. Measurement, 60 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.20	9.3
Freight from German factory to European port.....	1.15	4.9
Ocean freight to New York (7.79 cents a cubic foot).....	4.67	19.8
Marine insurance, customs entry, loss 1 month interest, cartage.....	.89	3.7
35 per cent duty on value of goods.....	\$23.58	
35 per cent duty on value of case.....	2.20	
	25.78	9.02
Total.....	17.93	76.0

On the basis of 1912 ocean freight rates it costs \$17.93 to land in New York \$23.58 worth of dressed jointed dolls, or 76 per cent.

Attention is called to the fact that in the present year 1913 the ocean freight rate is 18.2 per cent higher than given in above illustration.

[One case containing 4 dozen jointed dolls, at 20.58 marks (\$4.90) a dozen, \$19.60. Weight of case, 341 pounds. Measurement, 40½ cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.45	12.5
Freight from German factory to European port.....	1.28	6.5
Ocean freight to New York (7.79 cents a cubic foot).....	3.14	16.0
Marine insurance, customs entry, loss 1 month interest, cartage.....	.82	4.1
35 per cent duty on value of goods.....	\$19.60	
35 per cent duty on value of case.....	2.45	
	22.05	7.72
Total.....	15.41	78.5

On the basis of 1912 ocean freight rates it costs \$15.41 to land in New York \$19.60 worth of jointed dolls, or 78.5 per cent.

[One case containing 35 dozen jointed dolls, at 2.50 marks (59½ cents) a dozen, \$20.82. Weight of case, 418 pounds. Measurement, 45.9 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$1.85	8.9
Freight from German factory to European port.....	1.45	7.0
Ocean freight to New York (7.79 cents a cubic foot).....	3.58	17.2
Marine insurance, customs entry, loss 1 month interest, cartage.....	.82	3.9
35 per cent duty on value of goods.....	\$20.82	
35 per cent duty on value of case.....	1.85	
	22.67	7.94
Total.....	15.64	75.1

On the basis of 1912 ocean freight rates it costs \$15.64 to land in New York \$20.82 worth of jointed dolls, or 75.1 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

PARAGRAPH 432—ARTIFICIAL ABRASIVES.

[One case, containing 16 dozen dressed jointed dolls, at 4.50 marks (\$1.07) a dozen, \$17.12. Weight of case, 308 pounds. Measurement, 51 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$1.96	11.5
Freight from German factory to European port.....	1.24	7.2
Ocean freight to New York (7.79 cents a cubic foot).....	3.97	23.2
Marine insurance, customs entry, loss 1 month interest, cartage.....	.74	4.3
35 per cent duty on value of goods.....	\$17.12	
35 per cent duty on value of case.....	1.96	
	19.08	
	6.68	39.0
Total.....	14.59	85.2

On the basis of 1912 ocean-freight rates it costs \$14.59 to land in New York \$17.12 worth of dressed jointed dolls, or 85.2 per cent.

[One case containing 60 dozen composition dolls, at 2.20 marks (52.4 cents) a dozen, \$31.44. Weight of case, 616 pounds. Measurement, 60 cubic feet.]

	Value.	Per cent.
Cost of case.....	\$2.20	7.0
Freight from German factory to European port.....	2.65	8.4
Ocean freight to New York (7.79 cents a cubic foot).....	4.67	14.8
Marine insurance, customs entry, loss 1 month interest, cartage.....	1.22	3.9
35 per cent duty on value of goods.....	\$31.44	
35 per cent duty on value of case.....	2.20	
	33.64	
	11.77	37.4
Total.....	22.51	71.5

On the basis of 1912 ocean freight rates it costs \$22.50 to land in New York \$31.44 worth of composition dolls, or 71.5 per cent.

Attention is called to the fact that in the present year, 1913, the ocean freight rate is 18.2 per cent higher than given in above illustration.

PARAGRAPH 432.

Emery grains and emery, manufactured, ground, pulverized, or refined, one cent per pound; emery wheels, emery files, and manufactures of which emery or corundum is the component material of chief value, twenty-five per centum ad valorem; crude artificial abrasives, ten per centum ad valorem.

ARTIFICIAL ABRASIVES.**BRIEF OF THE AMERICAN EMERY WHEEL WORKS, PROVIDENCE, R. I.**

PROVIDENCE, R. I., *January 27, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

Subject: *Artificial abrasives.*

GENTLEMEN: Under the present tariff act the duty on crude artificial abrasives is 10 per cent ad valorem (Schedule N, paragraph 432). Crushed or refined artificial abrasives are not enumerated and have to pay a duty of 1 per cent per pound. This rate of duty was determined by the appraisers because of the apparent similarity to emery.

We ask and urge that all artificial abrasives, whether crude or refined, be placed upon the free list, and submit the following reasons in support of our request:

Our business is the manufacture of grinding wheels. We are dependent upon a supply of abrasives which are our raw material. The only abrasives suitable for grinding wheels are emery, corundum, and artificial (electrical) abrasives. Emery is

PARAGRAPH 432—ARTIFICIAL ABRASIVES.

distinctly inferior to the other abrasives for the manufacture of grinding wheels, and we could not continue in business if we had only emery. Corundum has been our principal raw material. Corundum in a crude or refined condition is on the free list. The only commercial deposit of good corundum (in Canada) is now nearly exhausted, and it is doubtful if more than a year's supply is left. The price of corundum, due to its scarcity and the increased cost of mining it, has increased 30 per cent in the past three years, and the present cost is almost prohibitive. We shall therefore in the very near future be dependent upon artificial abrasives alone.

The only manufacturers of artificial abrasives in the United States are the Norton Co., of Worcester, Mass., and the Carborundum Co., of Niagara Falls, N. Y. Both of these companies are manufacturers of grinding wheels, and almost monopolize the wheel trade. The two companies named control about 80 per cent of the wheel trade, while we and about 15 small companies divide the remaining 20 per cent. The Norton Co. will not sell its artificial abrasives to any other wheel manufacturers, and the Carborundum Co. will only sell to other wheel manufacturers at a profit that we estimate at fully 100 per cent. It is impossible for us to buy artificial abrasives of them and compete successfully with them for the wheel trade. Both of the companies named manufacture their artificial abrasives under patents.

Even when these patents expire it is doubtful if we could manufacture artificial abrasives. All of the best bauxite (the material we should have to have) in this country is in the hands of the above-named companies, or in the hands of the Aluminum Co. of America. While we can obtain artificial abrasives from Europe, the present duties render it impossible to compete successfully in price with the two companies who have a monopoly in this country. With artificial abrasives, crude or refined, on the free list, the imported abrasives would still cost us more than it costs the Norton Co. and Carborundum Co. to make theirs.

More than 50 per cent of our manufactured product (grinding wheels) is sold abroad. We have secured and held this trade against German, English, and French competition by making a superior article. Artificial abrasives are made in Europe by several independent companies of whom we can buy. These abrasives take the place of corundum which is now on the free list, but the supply of which, as stated, is almost exhausted.

German and English wheel manufacturers are now making wheels that are practically as efficient as ours, and we can not hold our foreign trade for long if we have to pay more for our abrasives, to say nothing of our larger labor costs, than they do.

The present duty on grinding wheels is 25 per cent ad valorem. There are no importations. We should have no objection if the duty is reduced to encourage importations, or if grinding wheels were put on the free list.

The placing of artificial abrasives on the free list would not injure any established industry, as the only two manufacturers in this country use their own product. We, and other grinding wheel manufacturers, will soon be dependent upon a supply of artificial abrasives at a reasonable price. If we do not obtain this supply, we believe the entire wheel trade in this country will be placed in the hands of the two companies we have named.

We shall be glad to answer any questions your committee may wish to ask or to give you any information in our possession.

Respectfully,

AMERICAN EMERY WHEEL WORKS,
W. E. RICHMOND, *Treasurer*.

BRIEF OF THE CORTLAND CORUNDUM WHEEL CO., NEW YORK, N. Y.

NEW YORK, *January 28, 1913.*

OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

SIR: We are informed that Schedule N—Sundries, of the customs tariff act, August 5, 1909, will be taken up for consideration by your committee this week, beginning the 29th.

We desire to submit the request that artificial abrasives—either the crude or the pulverized and graded forms—be placed on the free list.

"Artificial abrasives" appear in the tariff act under paragraph 432 as follows:

"Crude artificial abrasives 10 per cent ad valorem."

Artificial abrasives are being imported into this country in two forms, to wit: In lump or block form, as the material comes from the furnace, and in the crushed or

PARAGRAPH 432—ARTIFICIAL ABRASIVES.

pulverized form, which is produced by crushing the lumps and grading the crushed product into different sizes of grains. Much confusion has arisen in determining how to classify imported artificial abrasives owing to the vagueness of the term "*Crude artificial abrasives*." Whether imported in the lump form or in the crushed grain form the material is in a crude or semicrude state, for it must go through further manufacturing processes of a more or less elaborate nature before these abrasives can be used in the form of grinding wheels, sharpening stones, abrasive cloth and paper, etc.; in short, before ready for application in the field of largest use.

Artificial abrasives are rapidly taking the place of natural abrasives, known as emery and corundum. Neither emery nor corundum are obtained in the United States in quantities of commercial importance, nor is it in the least probable that they could be, no matter what tariff protection was provided. Corundum is being imported from Canada free of duty, either in the lump or the grain form under the existing tariff act, and this is as it should be. The commercial supply of Canada corundum, however, is becoming scarce and the price bids fair soon to be prohibitive.

The production of artificial abrasives in this country is under the protection of patents owned by two manufacturers who are thus enabled to monopolize the output for their sole benefit, so far as the manufacture of these artificial abrasives into grinding wheels, stones, etc., are concerned. One of the manufacturers is selling one of its artificial abrasives in the grain form to competing manufacturers, but in such limited quantities and under such conditions as do not permit of competition on a level footing. There are, in consequence, more than 20 manufacturers of grinding wheels in this country who are dependent chiefly for their supply of high-grade abrasives on importations from abroad, either Canada corundum, which, as before stated, is becoming scarce, or on artificial abrasives. These 20 or more manufacturers, who are unable to produce their own artificial abrasives by reason of patented processes and formulæ, are to a considerable extent selling their manufactured product in the shape of grinding wheels and stones in foreign markets in direct competition with artificial abrasives produced abroad and upon which the foreign manufacturer bears no tariff burden. This necessarily handicaps the American independent manufacturer without any compensating benefit to any American producer.

If for the purpose of protecting revenue, your committee deem it inadvisable to entirely remove the duty from artificial abrasives, we wish to urge with greatest emphasis that at least you place artificial abrasives in the lump or block form (to wit, the crudest state) on the free list, thereby encouraging the larger importation of these crude abrasives and permitting all of the manufacturing and refining processes to be conducted in this country without handicap, and that you place a duty not exceeding 5 per cent on artificial abrasives in the semicrude or grain form. It is our firm conviction, however, that the American industry in finished products will be greatly benefited by putting artificial abrasives in both crude and semicrude or grain forms, as above described, on the free list. Otherwise the large majority of manufacturers of these products in the United States will not be and can not be on an equal competitive basis with those manufacturers who have monopoly under patent protection, nor with European competitors in foreign markets.

Very respectfully,

CORTLAND CORUNDUM WHEEL CO.,
E. BERTRAM PIKE, *President*.

BRIEF OF ABRASIVE MATERIAL CO., PHILADELPHIA, PA.

PHILADELPHIA, PA., *January 31, 1913.*

OSCAR W. UNDERWOOD,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

SIR: Under information that your committee is this week considering Schedule N, sundries, of the customs tariff, act August 5, 1909, we desire to submit a request that artificial abrasives (either the crude or the pulverized and graded forms) be placed on the free list. At present artificial abrasives appear in the tariff act as follows: "*Crude artificial abrasives, 10 per centum ad valorem*" (par. 432). This product, as you know, is being imported into America in lump or block form, and in the crushed or grain form, and are termed crude artificial abrasives, as, whether imported in either form mentioned, it must necessarily pass through more or less elaborate manufacturing processes before these abrasives can be used as a finished product—grinding wheels, sharpening stones, or other form of use.

PARAGRAPH 432—ARTIFICIAL ABRASIVES.

It is very improbable indeed that no matter what tariff protection might be provided, neither emery nor corundum could be obtained in the United States in quantities of commercial importance. Corundum is being imported from Canada free of duty in any form, and while this is entirely as it should be, the commercial supply of Canada corundum is becoming scarce and the price bidding fair to become prohibitive. Artificial abrasives are rapidly supplanting the natural ones, which are known as emery or corundum. The score or more of American manufacturers who are unable to produce their own artificial abrasives by reason of patented processes and formula are selling their manufactured product largely in the shape of grinding wheels and stones in foreign markets in direct competition with artificial abrasives produced abroad and upon which the foreign manufacturer bears no tariff burden. This is a great disadvantage to the American independent manufacturer, without any compensatory benefit to American producers. The production of artificial abrasives in the United States, as you may be aware, is under the protection of patents owned by two manufacturers who are by these means able to monopolize the output of artificial abrasives for their exclusive benefit, at least for the manufacture of these abrasives into grinding wheels or stones, etc. One of these two manufacturers sells artificial abrasives in the grain form to competing manufacturers, but in such limited quantities and under such conditions that competition is not equal. This renders in consequence a substantial number of manufacturers of grinding wheels in this country who are dependent largely for their supply of high-grade abrasives on foreign importations—either Canadian corundum or artificial abrasives. If, however, after consideration of these points, your committee deems that it can not entirely remove the duty from artificial abrasives and still protect revenue, we desire strongly that at least artificial abrasives in the lump or black form (their crudest state) be placed on the free list. This would greatly encourage the larger importations of these crude abrasives, permitting all manufacturing and refining processes to labor without handicap, and we also urge that you place a duty not exceeding 5 per cent on artificial abrasives in the semicrude or grain form.

There is no doubt, indeed, however, that the American industry in finished products will be greatly benefited should artificial abrasives in both crude and semicrude forms, be placed on the free list. Until this can be, the large majority of manufacturers of these products in our country can not be on an equal competitive basis with those whose patent protection gives them an American monopoly, or, further, with competing Europeans in foreign markets.

Yours, very truly,

THE ABRASIVE MATERIAL CO.,
HARLAN PAGE, *President*.

BRIEFS CONCERNING ARTIFICIAL ABRASIVES.

NEW YORK, January 30, 1913.

HON. DANIEL C. ROPER,
*Clerk of Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: In going over a number of copies of letters which have been filed with your committee, together with letter signed by the writer and sent to your committee on the 27th inst., I find that one point has not been brought to your attention, viz, that this paragraph was placed on the free list in 1909 during the revision of the last tariff, without any opposition except from the Carborundum Co., who had Senator Root pass an amendment which was effective, and the duty of 10 per cent was imposed. As this company now manufactures crude artificial abrasives in France and imports same to this country, there is absolutely no opposition in this country to placing crude artificial abrasives on the free list.

When this matter comes up I will be on hand and will give your committee any further information it may desire, as I represent a number of the large wheel interests. My address while in Washington will be the Willard Hotel.

Yours, very truly,

ADAMITE ABRASIVE CO.,
M. A. SNIDER, *President*.

PARAGRAPH 432—ARTIFICIAL ABRASIVES.

CRUDE ARTIFICIAL ABRASIVES.

WASHINGTON, *January 31, 1913.*Hon. J. D. Post, *Washington, D. C.*

DEAR SIR: The Safety Emery Wheel Co., Springfield, Ohio, who are the third largest manufacturers of grinding wheels in this country, also the Dayton Grinding Wheel Co., Dayton, Ohio; Detroit Emery Wheel Co., of Detroit, Mich., and a number of other smaller concerns, some of whom have already written the Ways and Means Committee requesting the above paragraph No. 432, crude artificial abrasives, be placed on the free list for the following reasons:

First. Canadian corundum is becoming scarce.

Second. We must depend upon imported crystals to replace the Canadian corundum we have been using.

Third. Our competitors here who manufacture electrical crystals made of clay only do so for their own use.

Fourth. Even with the crude artificial crystals being on the free list we realize their cost to us is still more than their cost to our competitors who manufacture these crystals.

Fifth. All manufacturers of abrasives for wheels, cloth, paper, and grains should be benefited by the free entry of crude electrical abrasives.

Sixth. Artificial crystals during the last revision in 1909 were placed on the free list at the same time with corundum. One of the large manufacturers of these crystals had Senator Root make an amendment, the result being 10 per cent duty was allowed. This interest now, as well as all other interests, are favorable toward having the crude artificial crystals on the free list, as they have since equipped a factory in France and are to-day importing crude artificial crystals.

There are 24 manufacturers of grinding wheels in the United States, and from the evidence we have been able to gather, there are no opposing factors to placing this schedule on the free list.

Very truly, yours,

ADAMITE ABRASIVE CO.,
M. A. SNIDER, *President.*

22 EXCHANGE PLACE,
New York, January 27, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

SIRS: The undersigned respectfully urges upon your committee and Congress that a provision be made in the list of the new tariff for the free entry of crude artificial crystals imported into this country for the use of grinding wheel and surface abrasive manufactures.

There are 24 grinding-wheel manufacturers in this country. Of this number two of the largest manufacture crude artificial crystals for their own use. The other smaller companies depend upon purchasing their material in the open market, which means that even by placing crude artificial abrasives on the free list the cost to them is greater than to the two large competitors who manufacture their own crystals.

The writer does not believe there will be any opposition in placing the crystals on the free list from the fact that he is in receipt of a letter from one of the large manufacturers stating that they are not opposed to placing these crystals on the free list. The other large company who manufactures its own crystals has factories both in America and France, and is now receiving crude artificial crystals from their French factory. Therefore there should be no opposition to the question of changing paragraph 432 and placing crude artificial abrasives on the free list.

The writer will be pleased to submit letters of approval received from the different manufacturers, and to answer any further inquiries relative to this subject.

Yours, very truly,

ADAMITE ABRASIVE CO.,
M. A. SNIDER, *President.*

JANUARY 22, 1913.

Hon. NICHOLAS LONGWORTH,
House of Representatives, Washington, D. C.

DEAR SIR: Understanding that you are a member of Ways and Means Committee, we take this opportunity of writing you concerning electrical or artificial abrasives, which, in our opinion, should be on free list of the new tariff for the following reasons:

First. Canadian corundum is becoming more scarce and harder to secure each year.

Second. We must depend upon imported artificial abrasives to replace the Canadian corundum.

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Third. Our competitors in this country who manufacture electrical or artificial abrasives from various clays, etc., only do so for their own use.

Fourth. Even with crude electrical abrasives on the free list the cost is still more than their cost to our competitors who manufacture their own artificial abrasives.

Fifth. All manufacturers of abrasive wheels—cloth, paper, and grain—should be benefited by free entry of crude electrical abrasives.

In conclusion it might be said that if one or two American abrasive-wheel concerns can produce their own artificial abrasives why can not all other American concerns do likewise?

In making answer to this query would say to construct a plant for producing artificial abrasives requires a large investment which many of the small concerns are unable to undertake. Again if the many small abrasive wheel manufacturers should attempt to join hands and build a plant they are up against the veiled threat of many patent suits being brought against them on account of various patents, etc.

In view of the above, we again state that we believe crude artificial abrasives should be admitted free of duty for the benefit of the many small abrasive-wheel manufacturers of this country, especially when the only artificial abrasives produced in this country are not for sale, but consumed almost exclusively by the makers themselves. Also when an attempt is made to purchase artificial abrasives manufactured in this country in required quantities restrictions are applied as to make the arrangement very objectionable.

We submit all of the above for due consideration, and beg to remain,

Yours, very respectfully,

THE SAFETY EMERY WHEEL Co.,
By A. G. SPENCER,
Vice President and General Manager.

DETROIT, MICH., *January 21, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: The undersigned company respectfully urges upon your committee and Congress that a provision be made in the free list of the new tariff, for the free entry of crude electrical crystals, imported for the use of grinding wheels and surface abrasive manufacturers, etc. We respectfully request this for the following reasons:

First. One of the principal abrasives in use by the different wheel makers in the United States, is Canadian corundum. This is becoming very scarce, and it is going to be absolutely necessary that we have some other abrasive to take its place.

Second. We must depend upon imported crystals of artificial corundum to replace the Canadian corundum that we have been using.

Third. Two of our largest competitors in the United States, who manufacture electrical crystals made from clay, do so for their own use only, and they refuse to sell any of the other wheel makers. This will practically place the grinding wheel situation in their hands and create a monopoly, as Turkish emery is in no sense a competitor with either artificial or natural corundum for a great many kinds of work, and as this is the only abrasive that we are sure of, we will be placed at a great disadvantage, unless we can secure an electrical abrasive at a reasonable cost.

Fourth. Even with the crude electrical crystals on the free list, the cost to us will be more than the cost to our competitors who manufacture their own crystals.

Fifth. All manufacturers of abrasives for wheels, cloth, paper, and grain, will be benefited by the free entry of crude electrical abrasives.

This is a great industry, and is entitled to this concession because the only concerns that are making crystals in this country, are making them for their own use, and they are not being sold on the open market.

Trusting that you will give this thorough and careful investigation, we remain,

Yours, very truly,

DETROIT EMERY WHEEL CO.

EMERY AND CORUNDUM WHEELS.

PENINSULAR EMERY WHEEL Co.,
Detroit, Mich., January 25, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We are among the long-established grinding-wheel makers, this company having been on the market with its products about 25 years, and we respectfully

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represent to you that we, like many others in our line of business, are greatly concerned about a future supply of abrasive materials.

Recently there has commenced coming foreign offerings of artificial abrasives, principally crude electrical crystals, similar to so-called "carborundum," and for the following reasons we respectfully ask and request you to see that these products be placed upon the free list of the new tariff:

First. Corundum as formerly mined in the United States and for recent years has been supplied from Canada is now practically exhausted, both in the States and Canada, and corundum having been used to make the highest grade grinding wheels, some other high-grade abrasive must be found to take its place.

Second. The two largest grinding-wheel and abrasive-material users, the two concerns who practically monopolize the trade of the United States to-day in so-called emery and grinding wheels, manufacture solely for their own use from electrical crystals made from clay. Their ability to make this material, which they refuse to sell to other wheel makers, gives them a complete monopoly to-day, as Turkish and other emeries are in no sense equal to this material for many kinds of work, and unless we and other wheel makers can get some of these foreign electrical abrasives at a reasonable cost the monopoly will remain where it is to-day.

Third. If this product comes in free of duty the cost to us will be much more than the cost to our competitors who manufacture their own crystals.

Fourth. All manufactures of abrasives for all purposes, not only for wheels, but for cloth, paper, and the glass trade, will be benefited correspondingly by the free entry of the crude electrical abrasives—the goods can not be made in this country under present conditions without the investment of an enormous amount of money, and we feel that our industry is a useful one, growing in importance and volume, and that we are now up against what amounts to a combine because of the exclusiveness maintained by the makers of the goods in this country.

Trusting, gentlemen, that you will give this matter very thorough investigation and that you can see your way clear to comply with our request, we beg to remain,

Yours, very truly,

PENINSULAR EMERY WHEEL Co.,
Per B. E. HAMLIN.

NEW YORK, January 28, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We wish to respectfully advise you of our desire to have placed upon the free list crude artificial abrasives. We are now the importers of crude artificial abrasives in large quantities, and as such, sell to the so-called grinding wheel trade or manufacturers of abrasive wheels large quantities thereof.

We have, as customers who rely upon imported abrasives to be able to compete with certain large wheel manufacturers, who themselves manufacture their own artificial abrasives in this country, the following: Safety Emery Wheel Co., Springfield, Ohio; Dayton Grinding Wheel Co., Dayton, Ohio; Detroit Emery Wheel Co., Detroit, Mich.; Waltham Emery Wheel Co., Waltham, Mass.; Vitrified Wheel Co., Westfield, Mass., and many others.

All of the above manufacturers of abrasive wheels and grinding and polishing material must rely upon European artificial abrasives to compete with such concerns as the Carborundum Co., of Niagara Falls, and the Norton Co., of Worcester, Mass., neither of which companies will sell to their competitors their own manufactured product, excepting one abrasive, manufactured by the Carborundum Co., which is sold by them to the grinding-wheel trade in smaller quantities for special purposes.

Heretofore these independent grinding-wheel companies were able to rely considerably upon Canadian corundum for the purposes for which they are now more and more relying upon artificial imported abrasives. Due to the increasing scarcity of the Canadian corundum, it is now becoming a live situation to be met by the so-called grinding-wheel trade in this country.

We believe it to be to the best interests of American manufacturers that the tariff on crude artificial abrasives be removed, but we do not think it wise to remove the tariff on graded material.

Yours, very truly,

HERMAN BEHR & Co. (INC.).
KARL S. S. BEHR.

PARAGRAPH 433—FIREWORKS.DAYTON, OHIO, *January 27, 1913.*

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As manufacturers of abrasive wheels, we are vitally interested in the use of artificial abrasives, a part of which enter into the manufacture of our product.

Since the question of tariff on the above crude materials is to be considered by you, we beg respectfully to request that, if at all possible, this material be admitted duty free.

There are some twenty-five manufacturers of abrasive wheels in this country, all representing active industry, and who are almost wholly dependent upon outside sources of supply for any of the artificial abrasives they may use, so that it seems only fair that their interests in this connection should be given what advantage might accrue from placing crude abrasives on the duty-free list.

We trust your honorable committee may give this matter your careful consideration, and for which we want to thank you in advance.

Yours, very truly,

THE DAYTON GRINDING WHEEL CO.,
F. R. HENRY, *Manager.*

PARAGRAPH 433.

Firecrackers of all kinds, eight cents per pound; bombs, rockets, Roman candles, and fireworks of all descriptions, not specially provided for in this section, twelve cents per pound; the weight on all the foregoing to include all coverings, wrappings, and packing material.

FIREWORKS.**STATEMENT OF EDWARD H. WAGNER, OF NEW YORK CITY.**

Mr. WAGNER. I would like to call the attention of the honorable chairman and the gentlemen of the committee to the duty on fireworks. I have asked for permission to be heard in the matter of the duty on fireworks, and I want particularly to speak about the duty on fireworks imported from Europe, which duty at present is 12 cents per pound gross weight. This item is covered in paragraph 433.

My justification to appear before the committee in this matter I derive from the fact that there does not exist any association or combination of importers in this line.

The previous tariff bills do not make any provision at all for fireworks, as formerly, and until I started the importation there were practically no fireworks imported other than Chinese goods, which, if not exclusively, then mainly, consisted of firecrackers for which provision was made, and therefore they were entered as articles not enumerated, bearing a duty of 20 per cent ad valorem. In the 18 years since I started this importation I have at all times been the largest importer in that line.

The duty of 12 cents per pound gross weight on fireworks is equivalent to an increase of duty from 400 per cent to 1,200 per cent of the former duty, and on my whole line of fireworks it runs from about 73 per cent to 200 per cent ad valorem. It is needless for me to tell you that this is prohibitive.

Permit me to illustrate this with some figures: For instance, I formerly imported a line of so-called fireworks sticks. This is an article which the European railroads shipped as play matches, and can therefore be shipped in larger cases. In Europe it is not permitted to ship fireworks in large cases. The case can not be heavier than 75 kilos, which is about 165 pounds. They are bound, by the regula-

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tions, both the European regulations and the steamship companies' regulations, to be shipped in heavy zinc-lined cases; therefore, the packing is comparatively heavier than most of the goods, particularly taking into consideration that the cases must be so small.

These sticks [indicating] come from Germany, and are not shipped there as fireworks. The railroads take them as matches. It is more like a play match. They could, therefore, be sent in larger cases. They come in boxes, and two-gross boxes, with a gross of sticks in each box of the so-called Bengal sticks, cost net in Germany, 232.75 marks, equal to \$55.86. They weigh about 500 pounds or somewhat over, and the duty is at least \$60.

The cost price in Germany on each box of Bengal sticks is 19.4 cents and the duty 21 cents, the duty being considerably over 100 per cent ad valorem. That makes the cost price 40.4 cents, to which is to be added 8 cents per gross for transportation and other expenses.

This article is sold here, American manufacture, at 33 to 35 cents per gross. It is therefore obvious that the duty that formerly was a little less than 4 cents per gross is now 21 cents, a raise in duty of 425 per cent, is absolutely prohibitive, even if some few cents more can be had per gross for the European sticks, as they are somewhat better in quality than the American goods.

I was just able to import this article with the old duty of about 3½ cents per gross, and the revenue the country has lost by prohibiting the importation of this article is quite considerable. I formerly imported up to 45,000 or 50,000 gross colored sticks a year, and from August 5, 1909, I have not imported a single gross.

Bengal matches come in cases of 25 gross, weighing 175 pounds. They cost, net, \$16.08 per case and the duty is \$22.20. The duty per gross is 85 cents, equal to 183 per cent ad valorem, or a raise in duty over the old tariff of 667 per cent.

Permit me to submit a couple more examples. An article called special grasshopper, which I show you here [indicating] comes 75 gross in a case, weighing 170 pounds, with a duty of \$20.40. The cost price in Germany is 23 cents per gross. The duty is 27 cents per gross, equal to 117.5 per cent ad valorem, a raise in duty of 587 per cent over the former duty.

I name all these small articles, of which I used to import a lot, but of these articles, since the new tariff went into effect, not a single gross has been imported by me, nor to the best of my knowledge by anybody in the United States.

No. 5 grasshopper comes 18 gross in a case, weighing 170 pounds, or a little more. Their price is 2 marks per gross. The value of a case, 36 marks, equal to \$8.64, carries a duty of \$20.40, equal to \$1.13½ duty for each gross. The cost price in Germany is 43 cents. This is a duty of 250 per cent ad valorem, or a raise of 1,250 per cent over the former duty.

As a last example I will call attention to garden assortment No. 5. A case containing 10 pieces of fireworks costs 40 marks, equal to \$9.60. The duty was formerly about \$1.92 for such a case. The net weight of the goods is 40 pounds. They are comparatively large, bulky goods, and the packing cases weigh 72 pounds each. For the case alone I have got to pay \$8.64 in duty, the value of the case being

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about \$1.25 in Germany. The total duty for the assortment is \$13.44, which is a raise in duty of more than 610 per cent of the old duty, or 150 per cent ad valorem.

The fireworks which I import are not dangerous. They consist almost exclusively of small pieces that are sold from 1 penny to 5 cents retail, and I never heard of an accident being caused by them.

I have handled some 62 articles of different sizes before the enactment of the present law. After a very close calculation as to the number of articles which I was able to import under the tariff act of 1909, I found I only could bring in 11 articles that were light enough, in weight, and the weight of packing could be decreased, and with a large sacrifice of my profit and in sales, but I was compelled to discontinue the importation of 51 articles, which were the bulk of my business.

Fireworks under the new tariff are divided into two parts—firecrackers and fireworks. The class called fireworks come exclusively or mainly from Europe and are packed in heavy zinc-lined cases. The other class, firecrackers, are imported exclusively from Asia, from where the goods are shipped in very light packing, only being wrapped in matting, where the weight of the packing cuts no figure, and duty is assessed at only 8 cents per pound gross weight.

That means that fireworks in heavy metal-lined cases from countries where the labor is paid many times higher than in Asia pays 50 per cent higher duty than fireworks imported from a country with low price for labor and where of the weight the packing is insignificant. Is that just?

In 1907 I imported fireworks of the value of \$45,012, upon which I paid a duty of \$9,000.

In 1909 I imported fireworks of the value of \$50,628, upon which I paid a duty of more than \$10,000.

In 1909, from the 1st of January to August 5, I imported fireworks of the value of \$26,484, and from the fatal day, August 5, to the end of the year my importations dropped to \$578.

In the years 1910, 1911, and 1912 I imported goods of the value of \$3,973, an average of \$1,324 a year—somewhat more in the year 1912 than in 1910.

You will see by these records that the average of my importations are now about 2 per cent of what they were. The 98 per cent of my business was lost, and the Government has lost a revenue from me of about \$40,000 since the enactment of the tariff of 1909. While this amount of duty may be insignificant, at the same time it brings my case before you in the most forcible manner, showing that a ridiculously high rate of duty of 12 cents per pound, gross weight, practically prohibits the importation of fireworks from Europe.

I have no figures to submit on the value of the fireworks manufactured in this country, but the consumption of fireworks in this country is enormous, and the exorbitant transportation expenses on European fireworks alone would be more than sufficient protection for the domestic goods, even without duty, if protection is needed.

I am practically doing no business in the importation of fireworks at the present time, and in view of the contemplated revision of the tariff, I trust you will place the duty on fireworks at 20 per cent ad va-

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lorem, so as to permit me to recover at least some of the business I have lost through the tariff act of 1909.

The articles I imported were mostly all small fireworks for the amusement of the young people.

In conclusion, I wish to say my statements are based on my records, and your statistical records will confirm the statement I have made, that the present rate of 12 cents per pound gross weight on fireworks imported from European countries is absolutely prohibitive.

In the last statistics, for 1912, I see there were imported some fireworks under the name of bombs, which are no fireworks at all—some \$3,000 worth, having an average tariff rate of 63 per cent. That is not correct, but it is in a way correct, for the 63 per cent is not on fireworks, because there must have been taken into consideration other things on the list.

The average on the fireworks I import is 73 per cent, which is so low on account of one, only one, little article I import, on which the duty was comparatively small. That is such a little thing as this [indicating] that could be packed very close and did not weigh much. That brought my duty to an average of 73 per cent; but the bulk of my business I have not been able to import. If I should import the average of the goods I did before, with the average per cent of the law now, it would be from 150 per cent to 250 per cent, and would probably be in average at least about 175 per cent ad valorem.

Mr. HARRISON. There is an enormous manufacture of fireworks in the United States to-day, is there not?

Mr. WAGNER. Yes, sir.

Mr. HARRISON. The importations are a very small proportion of what is used here?

Mr. WAGNER. Yes, sir. There was no importation formerly until I started it. It took me 10 years to make a living business before I could make a living business out of it.

Mr. HARRISON. Have you any idea of the amount of American manufacture?

Mr. WAGNER. It runs into the millions.

Mr. HARRISON. It runs into the millions?

Mr. WAGNER. Millions; yes.

Mr. HARRISON. Do you believe if we should decide to impose an internal-revenue tax upon domestic manufacture of fireworks we could collect a good deal of revenue in that way?

Mr. WAGNER. It is not improbable. I would not answer yes. That would not be fair. I would not like to do that. That you can do on everything. If you want to impose a domestic tax you could impose it on almost anything, for instance on bread.

Mr. FORDNEY. Mr. Wagner, you have stated that the production of these goods in this country is very great in quantity and in value. Do you consider them a luxury or a necessity?

Mr. WAGNER. Some consider it a luxury and others a necessity. If you will ask the young American who uses them, they will tell you they are a necessity. I will tell you what I consider it; I would, in another country, consider it a nuisance. In this country I consider it is a necessity, because there is a patriotic feeling in this country that I have not seen the equal of in the world, and I have

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been pretty much all over it. It was this patriotic feeling that, during the Spanish War, in some few weeks brought 200,000 boys to the colors. Those were the boys who brought the victory. They were used to fireworks and the dangers of shooting and all kinds of things like that. Take them away from your children, away from young America here, and the country may some day regret they have educated lambs instead of men. That is a necessity that is called for. In other countries they have what you call the standing army or compulsory military service, where the requirement is that everyone has to be a soldier; but here you have to look for something else.

Mr. FORDNEY. I notice paragraph 433, under which you are talking, includes bombs. Those are necessary in very many instances, are they not? They are used extensively?

Mr. WAGNER. There are various kinds of bombs, and some are not necessary.

Mr. FORDNEY. As to that particular I am joking, but the point is you are asking for a lower rate of duty so you can once more import the foreign-made article?

Mr. WAGNER. If it is possible to bring that business up again; if it has not been killed for good.

Mr. FORDNEY. If just what you are asking for could be brought about, and that is a lower rate of duty so you can increase your importations, it would then lessen domestic production in this country and transfer it abroad, or increase the use of that unnecessary article, would it not?

Mr. WAGNER. I do not know whether it would mean anything of importance, but there is an old saying, "Live and let live." If a country wants to export goods, it will also have to allow imports that other countries can import here. I have seen it that some people want European goods of many different kinds, and will pay more for them; and if you go on the other side you will find some people can not find goods good enough unless they are American goods, and they will pay more for them there.

Mr. FORDNEY. Is it not true that a bomb, a firecracker, or a skyrocket can be made in this country that will make just as much noise as one that is made abroad—and that is what they are for, to make noise?

Mr. WAGNER. I have not had any importation of any articles that make a large, loud noise; only in the small, innocent things.

Mr. FORDNEY. Even with the small, innocent things they can raise just as much disturbance and create just as much nuisance if made here as if made abroad; and if you get into the law the words you are expressing here, it means destruction to that much domestic industry in this country and the growth of that much abroad. Is not that right?

Mr. WAGNER. No, sir; it is not, for several reasons.

Mr. FORDNEY. How do you figure out that sending our money abroad and employing some people in Europe to make these fire-crackers does not displace some American laborer making fire-crackers?

Mr. WAGNER. It is not firecrackers. It is only some specialties that can be made better in Europe than here.

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Mr. FORDNEY. If it is a specialty that is not made here but that is made in Europe to be used here, your tariff would not make any difference as to that particular specialty?

Mr. WAGNER. It can not be bought here if they want it, because there is a certain limit that can not come over. When the tariff becomes so high that it can not be sold for one cent there is no sale for it. I can not raise an article to one and one-half cents or two cents.

Mr. FORDNEY. You never saw a patriotic boy yet that would not have something to raise Ned with on the Fourth of July. You never saw a patriotic boy that would let a cost of two or three cents prevent him from having something to make a noise with on the Fourth of July.

Mr. WAGNER. The most of the things I speak of are colors that do not make a noise.

In the last five or six years, according to statistics, there were more than 25,000 accidents in the country on the Fourth of July, and not one has been laid to the door of any of the goods which I import.

Mr. FORDNEY. Since your importations have fallen off, though, those articles have increased in value to the American consumer or have gone down in price?

Mr. WAGNER. They are pretty nearly the same price for inferior goods.

Mr. FORDNEY. Then the tariff has not cut any figure so far as the American consumer is concerned, only it has transferred the industry in which you engage from abroad to the United States. That is what the law has done. That is your argument, is it not? You do not import now, but you did then?

Mr. WAGNER. Yes, sir.

Mr. FORDNEY. So now the American is making them instead of the foreigner, and you can get the American-made goods if you want them?

Mr. WAGNER. I can not get goods equal to these. It can not pay to buy goods second hand.

Mr. FORDNEY. I never knew firecrackers to be bought second hand yet.

Mr. WAGNER. These are not firecrackers.

The CHAIRMAN. That is all, Mr. Wagner. You may be excused.

NEW YORK, N. Y., February 10, 1913.

Mr. OSCAR W. UNDERWOOD,
Chairman of Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: Permit me in consequence of the evidence given by me in the hearing on the 30th of January, in regard to paragraph 433, to add some information which, after what later transpired in this matter, has become necessary to add.

In the same meeting (the 30th) almost directly after my testimony was taken, Mr. D. Walter Bell of the Pittsburgh Sparkler Co., presented some evidence in regard to electric sparklers, on which he requested a reasonably high duty in order to protect his export business.

This request, coming just after I addressed the committee showing that a great reduction in the present tariff is necessary if the country in future should have any revenue at all from fireworks, makes it look almost like the whole question at issue was high or low duty on sparklers.

Whether the duty on sparklers is high or low, in as far as revenue is regarded, is without any difference. No revenue can be obtained from this article, as Europe can not compete with the United States with this article in this country. Formerly great quantities of sparklers were imported from Europe, but as soon as manufac-

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turers in this country started to copy this article (which is of European origin) the importation discontinued—and it discontinued long before the Payne bill went into effect in 1909, and in the figures I have given over my importations in 1907, 1908, and 1909, not a single gross of sparklers is included.

Sparklers are sold in this country at 20 cents the gross. I have bought good sparklers even at 18 and 19 cents. The highest price asked for domestic sparklers from a jobber is 25 cents a gross.

They come generally in boxes, 12 pieces in a carton.

One gross carton, 12 in a carton, costs from \$2.40 to \$3. Three dollars is the highest price a wholesale fireworks business pays, and the most are sold cheaper.

The cheapest price ever quoted me for sparklers in Europe is 3.50 marks, less 5 and 2 per cent per gross. Cartons of 12 sparklers equal to \$3, .08 to .09, or in case lots at 10 gross, \$30.80, whereas a case American sparklers is sold to the jobber at about \$25 to \$30, or an average of \$27 a case.

As far as I remember, a case weighs 290 to 300 pounds. (These goods can be shipped in Germany in large cases, as they are not considered explosives.)

From this it will be seen that European sparklers can not be sold at all in the United States, even if there were no duty on them at all. The freight on fireworks has been raised enormously. No steamer will carry more of that class of goods from Hamburg or Bremen, and at present the cheapest calculation at which I can bring any fireworks from Europe to the United States is 8 cents per pound, gross weight.

There is thus no necessity for high duty on such goods, to protect American industry, nor do I understand Mr. Bell's meaning in stating that a reasonably high duty is necessary in order to protect American export. Whether the duty is \$10 the pound on these fireworks articles, or they are on the free list, has no bearing on the exports from the United States. What the meaning is I can not understand, as I find no meaning in a request for high import duty in order to protect the export.

In connection with this, I would state that there was a movement up this winter to get all the factories that manufacture sparklers to raise the price from 20 to 45 cents the gross. This plan failed; also another plan of raising the price somewhat less. I was informed that one factory would not take part in this action unless the other parties would grant this factory certain privileges.

If such a corner should be successfully worked another year it would, of course, be of great benefit to the so-called Fireworks Trust, if under disguise of protecting American labor a duty of 300 pounds at 12 cents gross weight, \$36 a case, could be maintained. The trust could then do as it wanted.

The present high duty is an excellent protection for the trust, but if revenue is desired from fireworks, the present rate must be cut very considerably.

Respectfully, yours,

EDW. H. WAGNER.

TESTIMONY OF D. WALTER BELL.

Mr. BELL. Mr. Chairman and members of the Ways and Means Committee, I am here representing the American Sparkler Co., of Pittsburgh, Pa., who are manufacturers of what are known as sparklers. I have some samples here on the table. These sparklers are made in various sizes, and are ordinarily put up in pasteboard boxes, generally a dozen to a box. That is No. 433, under fireworks and articles not otherwise specifically provided for. These are an absolutely harmless article, I might say, by way of recommendation to the American public generally, and I will light one a little later on if you would like. This is the ordinary size [exhibiting]. The larger ones are known as torches. They are absolutely luxuries. They are used on festive occasions of all kinds—the Fourth of July, Christmas, New Year, holiday celebrations, parties, balls, and illuminations generally.

The CHAIRMAN. What duty do they pay now?

Mr. BELL. Twelve cents a pound.

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The CHAIRMAN. Are there any importations coming through the customhouse?

Mr. BELL. I am not able to say about that. I doubt if there are. If there are, there are very few, as far as I know. I can not say as to that, because I am simply representing the company and am down here at Lynchburg. I am representing it as a stockholder, and representing the interests of the sparkler here.

The CHAIRMAN. We would like to know very much the amount of the importations and the amount of the American production.

Mr. BELL. Yes. I would say, in the second place, that there are absolutely no combinations in this country between the manufacturers. On the contrary there is a fierce warfare and competition between such manufacturers as there are. They have even gone to the length, some of them, of putting our goods in their boxes and selling them as samples—those who make an inferior article, and who wish to get the business in that way. I would say the third reason for the retention of the duty is that the business is absolutely new. We have been in operation four years, getting in shape. It is in a state of incubation. I would say that in that time we have lost about \$12,000. We do not go to any great expense in the way of salaries and so forth; aside from the president of our company, who is paid \$150 a month, and the stenographers, we have but one salaried man, who receives \$20 a week. Apart from the stenographers, practically everyone is on the basis of piecework. One of the good features of the business is that it affords employment for young women at good rates of pay, a good deal better than the department stores and without the necessity for an outlay for appearance sake. It is a very good business from that standpoint.

Now, we have foreign competition. We are trying to build up an export business. I would say that we could not get any export business at all if it were purely a matter of competing prices, but with American ingenuity we have been able to devise certain exclusive features which, so far, have not been copied by our German friends, who are our chief competitors. In the first place, we make a sparkler which is waterproof, so it will stand in any kind of atmosphere and will permit its transportation across the Tropics. The waterproof sparkler enables us to reach a trade which is at a long distance and over sea, such as the Philippines, Java, and China and Japan, but we can not reach trade near Germany or in Europe, because their prices undersell us. We have lost some very large foreign orders; for instance, we lost one Asiatic order of about \$40,000. We have been able to devise a lighter weight sparkler, which gets us into such countries as the South American countries, where they levy heavy import duties on weights. We make a sparkler so that 144 dozen will not weigh more than 100 dozen of the German make, so we have been able to get into, say, Brazil, by virtue of the lighter weight. Those things have enabled us to get some trade there and throughout the world, but we are not able to meet the Germans on the proposition of price when it comes to that feature exclusively.

Now, another point in connection with this matter is that we pay heavy duties on the articles that we use, and the conditions are such that a reduction of imports on these articles will not help us mate-

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rially, if at all. For instance, we use powdered aluminum of the very highest grade, which pays 12 cents a pound import duty. That is controlled by a combination in Germany. It is not made in the United States, although I heard just recently that a company in America is just starting out to make an aluminum powder. Whether they will succeed or not is a question to be determined.

Now, we have tried all other makes and kinds, and can not use any other. Dextrine is also made in Germany, and it is in the hands of one person. Our nitrate pays 3 cents a pound and 25 per cent ad valorem, and that is also controlled by a very few wealthy individuals. Now, I do not think the reduction of duty on any of these articles would help us, because they will simply raise theirs up so much more. As a matter of fact they have gotten together and advanced prices very largely. In addition to that, we have heavy differences in freights—ocean freights—and in the cost of labor and materials. We started in under the former tariff just about the time of the present existing tariff, and if we had known as much as we do now, we never would have started in under that tariff, because it would have been impossible to succeed, and it would be impossible to succeed under any material reduction in the tariff.

My position in the matter is this, that I would like to see reasonable duties kept upon the ingredients which we use, which I have mentioned, to give the people here a chance to develop these goods. We have had to go to Germany by compulsion. I believe in keeping a reasonable degree of duty on these articles to encourage the American manufacturer, so we can buy them at home. That is what we want to do.

These sparklers are dipped on wire, which is copper coated. We have been able to buy the wire and our steel at home so far, and I presume we shall be able to continue to do so. Those are practically the only two domestic articles that we use in the manufacture of sparklers?

Mr. DIXON. Light one of them.

Mr. BELL. Light the small size for you?

Mr. DIXON. Yes; light one of the sparklers.

Mr. BELL. The younger generation pretty generally know what sparklers are, but I would not have known myself what they were, except for the fact that I am interested in their manufacture.

The witness thereupon lighted one of the said sparklers.

Mr. BELL. At night they make a very pretty display. The incandescent particles are very finely divided steel, so finely divided that they chill instantly on touching the flesh, and do not do any particular damage.

Mr. DIXON. How many are there in a box?

Mr. BELL. Twelve.

Mr. DIXON. What do they retail for?

Mr. BELL. This size box retails for 3 cents a box. I want to bring out the fact that a reduction in the price to the wholesaler, even if we had to force down our prices, would not materially help the consumer, for two reasons: One of the principal reasons is on account of the trade custom. The trade in these little novelties is accustomed to get certain prices—3 cents or 5 cents or 10 cents for a box of these things

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or similar articles, and a cent is too large a unit to permit of the reduction of the price by so much as 1 cent. That is one of the reasons that a reduction even in the wholesale price would hardly reduce them to the retailer.

Mr. DIXON. How many sizes do you make of them?

Mr. BELL. We make the four sizes that you see here, and we make two larger sizes, which are called "torches" and are put in wooden sockets and carried in torchlight parades. The larger of those burn six minutes and sell for 10 cents apiece, and the next smaller size burn approximately half that time, and sell for 5 cents apiece. These are articles which are not made by the Germans at all. They are used in Hindu ceremonies in India—religious ceremonies. I would like to show you our waterproof sparklers. They are all covered, you see, by a coating of aluminum. You can dip it in water and light it afterwards.

The CHAIRMAN. Is that all, Mr. Bell?

Mr. BELL. Yes; unless there are some questions to answer. Any that I can not answer, I will try to get the information on. Shall I leave these with you?

The CHAIRMAN. No; it is not necessary.

Mr. BELL. Thank you, gentlemen

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Fulminates, fulminating powders, and like articles suitable for miners' use, twenty per centum ad valorem; all other not specially provided for in this section, thirty per centum ad valorem.

PARAGRAPH 435.

Gunpowder, and all explosive substances used for mining, blasting, artillery, or sporting purposes, when valued at twenty cents or less per pound, two cents per pound; valued above twenty cents per pound, four cents per pound.

PARAGRAPH 436.

Matches, friction or lucifer, of all descriptions, per gross of one hundred and forty-four boxes, containing not more than one hundred matches per box, six cents per gross; when imported otherwise than in boxes containing not more than one hundred matches each, three-fourths of one cent per one thousand matches; wax and fancy matches and tapers, thirty-five per centum ad valorem.

MATCHES.**TESTIMONY OF WALDO PECK ADAMS, OF NEW YORK CITY.**

The witness was duly sworn by the chairman.

Mr. ADAMS. Mr. Chairman and gentlemen of the committee, I have prepared a brief, which I believe has been distributed, regarding Schedule N, on matches. I wish to supplement that brief with the statement that I am about to make, and also make a demonstration of matches to illustrate some of the points that are brought out in the brief.

In connection with and supplementing the brief which I have submitted to the committee, I wish to say that the subject of safe matches for the American people is one worthy of your serious consideration.

The retail price paid by the consumers of this country for matches approximates \$50,000,000 yearly.

PARAGRAPH 436—MATCHES.

As set forth in brief, the National Fire Protection Association, while in convention in Chicago in May last, are reported to have gone on record in favor of legislation to curtail the enormous losses from fire caused by matches, which they stated amounted to \$36,000,000 a year in the United States, and kill more people each year than all the dynamite manufactured in the country.

The Esch-Hughes regulations insure the manufacture and importation of matches that are less dangerous as a fire hazard, on account of the fact that the temperature at which they ignite by friction or otherwise is much higher than that required for white phosphorus matches.

The yearly destruction of property by fire with the attendant loss of human life in killed and injured that results from the manufacture, warehousing, storage, transportation, handling, and use of unsafe matches is of much greater importance than loss of life due solely to the use of white phosphorus in match manufacture which called for the Esch-Hughes legislation.

The amendments to the tariff regulations recommended in the brief I have submitted are designed to prohibit the importation of dangerous matches. This will require a classification of matches in type and kind.

The match industry in the United States has been practically dominated by one concern for the last 40 years. The industry is a glaring illustration of special privilege that has been fostered by an unjust and discriminating tariff.

Fire insurance statistics, together with the information brought out in connection with the hearings before your committee on white phosphorus matches, is sufficient proof that the common type of American household matches, such as have been on the market during all these years, has been a dangerous hazard, both from poison and fire.

It was brought out in the hearings above referred to and it is generally admitted that matches of European manufacture, as a rule, are superior to the American-made product. This can be demonstrated by actual comparisons.

As stated on the fifteenth page of the brief submitted, the correctness of the ad valorem unit costs under the Payne tariff is questioned, particularly when importations have been made in boxes containing over 100 matches each. One American manufacturer is placing matches on the New York market at the wholesale price at less than 3 cents a thousand matches. These matches are sold to the retail trade at $3\frac{1}{2}$ cents a thousand matches and to the consumer at 5 cents.

I submit for the consideration of your committee, in the form of Exhibit A, cuttings from New York City newspapers showing the attitude of the majority of American manufacturers of matches to the restrictive legislation incorporated in the new match law of New York City that went into effect January 1, 1913. This law is a model of excellence.

There is also submitted a copy of the suggested State law referred to on page 7 of the brief submitted.

There is also submitted samples of matches of both foreign and domestic manufacture that have been labeled to show type and kind.

PARAGRAPH 436—MATCHES.

I will not take up your time in reading more than one or two items from this Exhibit A, which are clippings from the New York papers with reference to matches. The first I will read is in reference to a suit of the Tariff League against O. C. Barber for dues (reading):

That Ohio Columbus Barber, organizer and former president of the Diamond Match Co. owes the American Protective Tariff League \$1,840 in back dues is alleged in the complaint of a suit filed against him to recover that amount by the league's attorney in the Supreme Court yesterday.

The papers assert that since Mr. Barber joined the league in 1888, upon the payment of \$100, he has not paid a single assessment, except one of \$2 in 1910. That was to pay for a souvenir issued by the league.

Although George W. Carr, of No. 29 Wall Street, has been trying to do so for more than two years, he only succeeded in serving a summons on Mr. Barber on Tuesday. (New York World, Oct. 31, 1912.)

Here is an article cut from the New York Globe, undated:

BOASTS HE CONTROLS WORLD'S MATCH TRADE.

O. C. Barber, president of the Diamond Match Co., returned from Europe to-day on the *Mauretania*. He said he doesn't care who is elected President. No one man is capable of spoiling the business of the United States, he added.

"It looks as if we are going to have an improvement in business generally," said Mr. Barber.

"In illustrating how his company controls the world's match business, Mr. Barber pulled a box of matches from his pocket and offered them to those who stood around him.

" 'They're from Sweden,' he said. 'If you don't like them try these. They are from Germany,' and he drew a second box from his pocket. He said he carried matches, made by his trust, that came from many different parts of the world."

Mr. HILL. Is this an attack on Mr. Barber?

Mr. ADAMS. No; this is just to amuse you. [Laughter.]

Mr. PALMER. Whom do you represent?

Mr. ADAMS. I represent myself. I am in the fire insurance business in New York.

This [indicating] is a package that I referred to as selling at 3 cents a thousand in the wholesale trade. It is marked 1,000 and is supposed to contain that amount.

This match is outlawed under the new ordinance of New York City which went into effect January 1, for the reason that it is made of white phosphorus and the splint is not impregnated with a compound and subsequently coated with paraffin, so as to insure carbonization of the wood and prevent the afterglow, which is the fire-creating hazard in matches that I would like to have prohibited in importations. That will burn [witness having lighted and then blown out the match] until the tip drops off. When the match is extinguished people throw it away and think the match is out, and this is what causes many fires.

This match [indicating] is made in Sweden, "The Lancer." This is one of the best matches made, with a poisonous tip, with an impregnated splint. Under the Esch-Hughes law they can not import this match after January 1 of this year. When that match [witness having lighted same] is blown out it is out; it still holds the ash.

Mr. HARRISON. By the way, I understand the Swedish law forbids the manufacture of those matches for use in Sweden, but permits the manufacture of them for export to the United States.

Mr. ADAMS. There are a few factories in Sweden and Belgium that make unimpregnated matches for export. They do not sell any in

PARAGRAPH 436—MATCHES.

Europe, custom and law combined prohibiting their sale or use. I have the match referred to, which is sold on the East Side in New York in large quantities.

I have here a sample box of European safety matches with unimpregnated splints. The importation of this match should be prohibited. It is a modern match in every other respect, and it would cost about 1 cent per 14,000 matches to impregnate them.

This [indicating] is a match made in Russia and sold in England, the tariff being too high upon household matches to permit of its importation into the United States. It is free from white phosphorus; it is made at Goldingen, Russia; is nonpoisonous: "To prevent fires use only Lanark matches, which will not drop the ash." These are sold in Great Britain in competition with matches made by the Bryant & May Co., a corporation in which the Diamond Match Co. have a large interest, according to information published in their annual statement.

This match [indicating] is a sample of the American nonpoisonous household matches of which the splints have not been impregnated, and leave a dangerous fire-creating afterglow, or live coal. This will be the common type of American matches that will be placed on the market in conformity with the Esch-Hughes legislation.

Unimpregnated matches should be prohibited by law through excessive taxation. This match is nonpoisonous. I have to take their word for it. I will eat certain of them.

This particular match is made with a large, round splint. It is supposed that a match of this description caused the Equitable Building fire in New York. A man entered the building at 5 o'clock in the morning and lighted a match, using it as a torch, and walked to the office in the storeroom. He blew out the match and threw it in the waste basket. Eighteen minutes later a second employee entered and found the wastebasket, desk, etc., were in flames, it being at the foot of the elevator shaft. Reference is made to that in my brief.

Here is a sample box of matches [indicating] of the common American type, poisonous, and unimpregnated—"Birdseye—the safety strike-anywhere match." "Birdseye double dip. Noiseless protected tip. Safety head. Prevents fire from side friction. The safe match. A strike-anywhere safety match." I am reading from the box.

The danger of the tip of the match is that it ignites very easily. The white phosphorus that is used in the tip is very explosive, and in factories has to be kept under water. When it is put into the tip, a little glue and filler binds it, and slightly reduces the temperature at which it will ignite. It is possible under the Esch-Hughes law to sell these matches in the United States for two years, but they can not be imported; that is, matches that have white phosphorus, can not be imported into this country after January 1. That is the common type that was outlawed.

This [indicating] is a sample box of European matches, nonpoisonous, with imperfectly impregnated splints. This is an excellent match, and if more care had been used in the impregnation process, it would be a better and safer match than the so-called "safety strike on the box match." Matches of this description are nonpoisonous.

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The poisonous match has approximately a fortieth of a grain of white phosphorus in each match. It is said a twentieth of a grain will kill a child. In hearings before the committee on the Esch-Hughes bill, it was claimed that the lives of thousands of infants had been destroyed from sucking the heads of poisonous matches. (The records of 40 deaths of this kind were filed with the Ways and Means Committee). Rats and mice gnaw white-phosphorus matches, causing many fires, because they are luminous and attract their attention, and are sweet. Phosphorus is the principal constituent element of rat poison. Notwithstanding, matches made with white phosphorus as an ingredient can be sold in the United States for two years.

The matches I have just been showing you of European make, are nonpoisonous and can be eaten with impunity [witness placing the heads of the matches in his mouth]. These matches will strike either wet or dry [witness lighting the matches]. The tips of white-phosphorus matches will dissolve much more quickly than those that are nonpoisonous.

This [indicating] is a similar match made in the United States which made possible the New York City match law, and the Esch-Hughes regulations, as being something more than a theory. These matches are also nonpoisonous. The salesmen eat them in making demonstrations. [Witness proceeds to place matches in his mouth and then to strike them.] They strike anywhere.

Mr. PALMER. Perfectly safe for children to play with.

Mr. ADAMS. Perfectly safe for the children, being nonpoisonous and do not ignite too readily. When the match is extinguished there is complete carbonization of the carbon that was ignited and under combustion.

I will leave these samples with the committee.

The matches that are used in the House and Senate are the poisonous and unimpregnated or the common American type that was outlawed by the Esch-Hughes regulations. I found some in the committee room. It is the same match I exhibited a few minutes ago.

My contention in my brief is that the wording of the present paragraph No. 436 is ambiguous and deceptive. It permits the importation of matches packed in boxes containing 100 or less, at the rate of 6 cents per gross of 144 boxes, which would mean the equivalent of 14,400 matches for 6 cents. The household type, which is a superior match on account of the ability to strike anywhere, and which the American people are habituated by custom to use, is taxed at three-quarters of a cent per 1,000 matches. In fact, in boxes containing 500, or five times as much as a small box, or for 72,000 matches, there would be a duty of 56 cents, as compared to the equivalent duty of 30 cents on the small-sized package. The small-sized package of safety matches is a luxury. It is used by smokers, in cigar stores, hotels, and cafés, while the other is a necessity in the household, and as a matter of fact, should not be taxed at all.

Mr. HARRISON. The ad valorem equivalent of the tax upon the other kind of match is reported in the Treasury book to be only a little more than 10 per cent, but as practically none of those came in, I presume it is prohibitive as to most of them.

Mr. ADAMS. You are speaking of the small match?

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Mr. HARRISON. I do not mean the small match in size; I mean the common match.

Mr. ADAMS. The household match?

Mr. HARRISON. Yes.

Mr. ADAMS. It shows an ad valorem of 10.27 on account of the statement being made that the average value is 7.3 cents per thousand. That is misleading. You will notice that the duty collected in 1912 on the common household match amounted to \$440.22; practically nil. The importations were so small—importations of a case at a time of five cases at a time, that were practically bought at the retail price, may account for that apparent discrepancy in the ad valorem.

Mr. HARRISON. Based upon what would be a true unit of value at the customhouse, what do you think the ad valorem equivalent would really be?

Mr. ADAMS. The manufactured cost would compare with that shown in the Dingley law of 1905, of 3.9 cents per thousand matches, with an ad valorem of 25.36.

Mr. HARRISON. Even at that it is a less ad valorem than that from the smaller size of matches.

Mr. ADAMS. Exactly; but the matches cost much more to manufacture, especially with the restrictive features thrown about them by the Esch-Hughes regulations.

Mr. HARRISON. Could we select any rate ad valorem which would bring us in any revenue upon the common kind of household matches?

Mr. ADAMS. I doubt it. The duty should not be any higher per 1,000 matches than on the other matches.

Mr. PALMER. Your suggestion is to make them practically the same?

Mr. ADAMS. My suggestions are based on the barbarous way—and I mean to make no pun in saying that—in which the match business has been conducted in the United States for the last 50 years. I assume that the statement is true, although I do not know anything more than the fact that it was published in the St. Louis Globe-Democrat as a dispatch coming from Chicago, that the National Fire Protection Association, in a convention in May last, are reported to have gone on record that the fire loss due to matches amounts to \$36,000,000 a year. This statement has been widely published, especially by "trade" papers. If true, the total losses in life and property directly due to matches for the last 40 or 50 years has been appalling. It is simply a matter of mathematics to arrive at the totals. Assuming that the present population of the United States is 100,000,000, and that the average population for the last 40 years was 40,000,000, the average loss for the full period would be 40 per cent of \$36,000,000, or \$14,000,000 a year. This is what we have had to pay, or what it has cost the country at large. Fires are not as common or recurrent on the European continent as here and the tremendous losses from fire in this country caused by matches have been due to the character of the American-made match and the carelessness in the use of unsafe matches. The question is, Why should we continue by the means of a prohibitive tariff to bar out the importation of the better made European match, by giving further protection to the American industry, which has produced an inferior

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product and grossly abused the "special privilege" by which it has been fostered during all these years?

Mr. HARRISON. You have not discussed the Swedish safety match at all, have you?

Mr. ADAMS. Yes, sir. This is a Swedish safety match [exhibiting box of matches].

Mr. HARRISON. You have not discussed the character of match at all.

Mr. ADAMS. I have in the brief which is prepared. I did not read my full brief.

Mr. HARRISON. Do you think it is an unsafe match from the fire-prevention point of view?

Mr. ADAMS. No; under the conditions I have suggested, as set forth in this brief here:

Matches with impregnated wood splints, of the household type, known as "Strike anywhere safety matches," on account of their superiority in use, should be made practically exempt from duty. The importation of dangerous matches should be prohibited.

The suggestion is made that the tariff regulation pertaining to the importation of matches be made in accordance with the conditions of the following classification:

Class No. 1. The importation of matches of the type or kind commonly known as "fuzes" or "wind matches" or of matches of all descriptions made with wood splints or sticks that have not been impregnated with a chemical compound or process that will insure and result in instantaneous carbonization of the match when under combustion, and prevent an afterglow or live coal, when the flame of the match has been extinguished, is prohibited.

That would bar out the unsafe match of Sweden.

Mr. HARRISON. Would that bar out the unsafe safety match from Sweden?

Mr. ADAMS. Yes; it would bar out all matches, even if made in China, Japan, Sweden, or anywhere else, that are not impregnated.

Class No. 2. Wax and fancy matches and tapers, 35 per cent ad valorem.

Class No. 3. Matches made with impregnated wood splints or sticks that require ignition on an especially prepared surface, commonly known as "Strike on the box safety matches," per gross of 144 boxes, containing not more than 100 matches each, 6 cents per gross. When imported in boxes containing over 100 matches each, four-tenths of 1 cent per 1,000 matches.

Class No. 4. Matches made with impregnated wood splints or sticks that will ignite by friction on any abrasive surface, and commonly known as "Strike anywhere matches," one-tenth of 1 cent per 1,000 matches.

Class No. 5. Matches not otherwise provided for, 100 per cent ad valorem.

Mr. HILL. I think when the hearings of the Esch bill were held that some official of the Diamond Match Co. was before the committee, and if I am not mistaken he told the committee that 144 boxes of matches were valued at 21 cents.

Mr. ADAMS. Yes, sir.

Mr. HILL. Do you know what they cost? I think he said 21 cents.

Mr. ADAMS. Twenty-one cents. That is shown right in the ad valorem costs.

Mr. HILL. The household matches you have there, for the same quantity, would cost about 6 cents wholesale price, according to your statement?

Mr. ADAMS. Twenty-one cents for 14,400 matches.

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Mr. HILL. Yes. I thought he said 1,400.

Mr. ADAMS. If you divide that you get at the unit cost per thousand.

Mr. HILL. What is your proposition on this Swedish safety match?

Mr. ADAMS. That it to be practically the same as now with the exception that you bar out matches that are not impregnated.

Mr. HILL. Thirty-five per cent?

Mr. ADAMS. Six cents a gross, the same as the present tariff.

Mr. HILL. That would not be far from 35 per cent.

Mr. ADAMS. No; it is shown right here, 27.59 per cent ad valorem.

Mr. PALMER. You want it the same even if it comes in boxes of 1,000 or more?

Mr. ADAMS. Safety matches are never packed in large boxes because the safety matches are carried in the pocket, and people could not carry a box of matches around like that [indicating box]; they could not carry a box like that with matches that strike on the box or a prepared surface.

Mr. PALMER. Under this class 3 you have "matches made with impregnated wood splints," commonly known as "Strike on the box safety matches, per gross of 144 boxes, containing not more than 100 matches each, 6 cents per gross."

Mr. ADAMS. The same as at present.

Mr. PALMER. Then when they are imported in boxes containing over 100 matches each—those are these large household matches, are they not?

Mr. ADAMS. They might go to 105 or 125, but that was to get away from the possibility of making boxes of this size [indicating box]. That would carry 125 matches. But making it there at the same rate, it figures out practically the same.

Mr. PALMER. Where are these paper matches made [exhibiting matches]?

Mr. ADAMS. They are made in America and outlawed in New York. Those are one of the most dangerous kinds of matches that you possibly could use.

Mr. PALMER. What makes them dangerous?

Mr. ADAMS. They are said to be poisonous, and there is an afterglow. You do not follow the directions and keep the cover down when you strike the match, which you are supposed to do [demonstrating by striking match]. It is very hard to extinguish and after it is thrown away may cause a fire.

Mr. PALMER. I always thought that was one of its exceptional qualities. I can get a light from these matches most any time.

Mr. ADAMS. It is outlawed under the match law of New York City, although that law is not being very rigidly enforced by the city authorities. They have too much to do.

Mr. PALMER. Those matches that you call "wind" matches are hard to extinguish, and are considered very dangerous.

Mr. ADAMS. Yes. I have incorporated in my brief some of the sections of the New York City match law, and which were incorporated in the tariff regulations:

SEC. 258. On and after the 1st day of January, 1913, it shall be unlawful for any person to manufacture, transport, store, or sell within the city of New York any matches in the manufacture of which white phosphorus enters as an ingredient.

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SEC. 265. It shall be unlawful for any person to transport, store, or sell within the city of New York any matches for which a certificate of approval shall not have been issued by the fire commissioner.

SEC. 272. No certificate of approval shall be issued for any match of the type or kind commonly known as "fuzees" or "wind matches," or for a match the stick of which has not been treated to a process of impregnation for the purpose of preventing an after-glow.

SEC. 273. It shall be unlawful for any person to store, transport, or sell within the city of New York, any matches unless the box or container in which they are packed bears plainly marked on the outside thereof the name of the manufacturer, the number of the certificate of approval, and the words "Approved Match, No. —."

Here is a box of matches that contains the name of the manufacturer and the certificate. This is certificate No. 10, and is made by the Salvation Match Co. I do not happen to have any other matches that comply with the New York law. There are several manufacturers that are doing so, but very reluctantly. It is believed the opposition to the law was based upon the slight difference in the expense required to impregnate the matches.

The CHAIRMAN. Are there any further questions? (After a pause.)

RE SCHEDULE N—MATCHES.

To the Chairman and Members of the Committee on Ways and Means, House of Representatives, Washington, D. C.:

Attention is called to the hearings before the Ways and Means Committee on "white phosphorus matches" (H. R. 2896) that preceded the enactment of the Esch-Hughes regulations. In these hearings it was clearly brought out that the importation of matches into this country is principally confined to what are commercially known as "safety strike-on-the-box" matches, which are uniformly packed in boxes containing less than 100. This is proven by a record of the imports. The manufacturers contended they could not compete with European producers on this type of match, which represents only about 5 per cent of the total consumption of matches in this country.

Almost without exception, European manufacturers are equipped with machinery to make only the "safety match," or small-sized package. However, the reason the imports have been confined to this type of match is due to the unjust discriminative duty that has been assessed for the past 40 years on the larger-sized package, in which the strike-on-the-box "carry-in-your-pocket" so-called "safety" matches are not packed.

It was brought out in the hearings that European matches are, as a rule, of superior quality.

As the Esch-Hughes regulations referred to prohibit the importation into this country after January 1, 1913, of any match in which white phosphorus enters as an ingredient, the conditions surrounding the importation of matches practically permit of only bringing into this country matches of the best quality.

The duties collected on matches when packed in individual boxes containing over 100 matches are now almost nil. This is on account of the fact that the present duty is almost double that assessed on matches packed in small boxes. This is a glaring inconsistency and should be corrected.

If the duty is removed entirely on matches of the type known as the "impregnated strike-anywhere match," it would not work any hardship to the manufacturers in this country, excepting that it would compel them to make matches of equal quality or suffer some loss of trade through the introduction of a foreign-made match.

The duty should remain the same on matches packed in boxes containing 100 matches or less of impregnated "safety" strike-on-the-box matches, and when not "impregnated" the importation should be prohibited. Matches with splints that are not impregnated with a chemical compound that will insure carbonization of the splint or stick of the match under combustion are dangerous to use on account of the fire-creating afterglow or live coal that remains after the flame of the match has been extinguished.

Duties on imported matches should be based on a proper classification of type and kind, rather than on the present ambiguous and deceptive wording of section No. 436.

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REASONS WHY HOUSEHOLD STRIKE-ANYWHERE SAFETY MATCHES SHOULD BE EXEMPT FROM DUTY AND THE IMPORTATION OF DANGEROUS MATCHES PROHIBITED.

1. Household strike-anywhere safety matches are distinguished from the imported matches, packed in small boxes, in that they do not have to be ignited on an especially prepared surface. The strike-anywhere match is used universally in the household. They are a necessity as compared with the small type under the present tariff regulation; that is, boxes containing 100 matches or less, as now imported, which are principally used by smokers and are to be found in cafés, hotels, cigar stores, etc., of the larger cities of this country, and are therefore comparatively speaking, luxuries.

2. The household match is uniformly made of larger and stronger splints, and is a better, safer match, when properly made, than the so-called "safety matches" now imported. The household match costs much more to manufacture, per 1,000 matches, than the imported "safety matches." This is shown in the record of ad valorem values per 1,000 matches imported since 1896, as compared with the importation record of "safety matches."

3. The Each-Hughes regulations prohibit the importation of white phosphorous matches after January 1, 1913. This insures the importation of matches safer for use in the household or elsewhere, both from the standpoint of poison and fire hazard. Imported matches under these conditions anticipate the requirements as to the sale of unsafe matches in this country, by two years, under the Each-Hughes law.

4. It is almost the universal custom for European manufacturers, excepting some of those located in Belgium, to impregnate the wood splints of matches with a chemical compound that prevents the dangerous fire-creating afterglow, or live coal, after the flame of the match has been extinguished. Many disastrous fires and loss of human life are caused by this dangerous feature.

Attention is called to the following statement published in the New York World, November 10, 1912:

"GREAT FIRE LOSSES CAUSED BY USE OF UNSAFE MATCHES.

"The fire that destroyed the Equitable Building in this city on January 9, 1912, was caused, it is alleged, by a match. This conclusion was reached after a month's study of the disaster by F. J. T. Stewart, superintendent of the bureau of survey of the board of fire underwriters. In his report to the fire underwriters he said:

"The timekeeper of the Café Savarin arrived at the building about 5 a. m. the day of the fire and went immediately to his office, a small frame inclosure in the receiving room, located in the basement of No. 12 Pine Street.

"He lighted the gas in his office and threw away the match. At about 5.18 a. m. another employee discovered the fire in the timekeeper's office. The waste-paper basket, chair, and desk were burning briskly."

"That was the start of a fire that caused over \$5,000,000 in property loss, including the building itself, and that brought the financial operations of New York City and practically the whole country to a standstill for several days, closing the Stock Exchange and imperiling \$10,000,000,000 in securities and other valuables in safes and deposit vaults.

"The Asch Building fire in this city, where 147 Triangle shirtwaist operatives were killed, was caused by a lighted match dropped into waste materials.

"The match men are now said to be secretly plotting to get the board of aldermen to shove aside the proposed ordinance to abolish white sulphur tipped and nonimpregnated matches, which ignite too easily, are poisonous, and which glow after they are blown out."

Attention is also called to the following editorial, published December 18, 1912, in Fire and Water Engineering, the leading trade journal in its line, representing the waterworks associations, fire engineers' associations, League of American Municipalities, and International Association of Municipal Electricians:

"The National Fire Protection Association, while in convention in Chicago in May last, are reported to have gone on record in favor of legislation to curtail the enormous losses from fire caused by matches, which they stated amounted to \$36,000,000 a year in the United States, and kill more people each year than all the dynamite manufactured in the country. It is reported that the losses stated cover only the equities in properties represented by fire insurance. This is also true of the statistics showing that \$300,000,000 yearly is the premium loss by fire in this country. If the replacement value of property destroyed and of uninsured property not reckoned are taken into consideration, it is probable that the total annual loss will exceed \$500,000,000. Moreover, if the published statement of the National Fire Protective Association as regards fire losses due to matches is correct, the percentage of such losses amounts to

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above one-eighth of the total. From the best information obtainable it is estimated that the total consumption of matches in the United States and Canada amounts to about 35 carloads daily, averaging 600 cases each of 1-gross packages, retailing at the unit value of 5 cents per package, or the equivalent, which totals in cost to the consumer approximately \$50,000,000 a year. It is safe to say that for every dollar's worth of matches sold a dollar's worth of property is destroyed. This is unquestionably so when there is included in the monetary loss the loss of life from killed and injured, together with the economic waste due from interruption to business. In addition to the direct losses, it has been estimated and set forth heretofore in these columns that the annual cost in this country of fire departments and fire prevention work amounts to the enormous total of \$600,000,000, provided the costs involved in water supply as used by fire departments is taken into reckoning. The fire hazard involved in the use of matches could be reduced to a minimum if it were possible to secure general and uniform legislation that would make it compulsory on the part of the manufacturers to impregnate the splints or sticks of matches with a chemical compound and subsequently paraffin-coat the splints, so as to insure complete carbonization of the wood when under combustion and absolutely prevent any afterglow or live-coal hazard when the flame of the match has been extinguished. As all of the insurance authorities, and particularly the National Fire Protection Association, are well informed on all matters pertaining to the hazard in the use of unsafe matches, how can such organizations be justified in submitting to the consideration of an intelligent people a State match law which, as drawn and proposed by them, is utterly meaningless as a fire-prevention law and indefensible as being in the interest of match manufacturers who are unwilling to take any step toward improvements so as to conform to the spirit and trend of the time without being forced to do so by compulsory legislation? The reason of the unwillingness of the match manufacturers of the United States to make a safe match, particularly as to the removal of fire hazard, is due to the slight additional expense that would be involved in the manufacture of safe matches, such as are almost universally made throughout Europe, plus the expense in making such changes in machinery equipment as would be involved. The total expense of changing existing methods of manufacture in the United States so as to enable all manufacturers to make matches as good as those that are made abroad, and which will have all the elements of safety incorporated in them, would not amount to 5 per cent of the sum represented in losses directly due to the use of unsafe matches, and if the manufacturers of the United States are unwilling to undergo this added expense, the tariff should be taken off of matches entirely and an internal tax equivalent to the tariff duties be made upon all matches of domestic or foreign manufacture."

Attention is also called to the following communication, published December 18 in the said Fire and Water Engineering Journal, having reference to the absurd proposed "State match law," indicating that with the larger commercial interests "Kissing goes by favor" as much to-day as in the days of the Medes and Persians:

"THE NEW STATE MATCH LAW.

"The National Board of Fire Underwriters and National Fire Protection Association have suggested a new law which is issued in pamphlet form and which is a specification of the matches made, packed, and sold by the Diamond Match Co. This pamphlet is a most remarkable document, and shows to one at all familiar with the trade how these great insurance organizations have lent themselves to the use of the Match Trust, and the lengths to which they are willing to go, irrespective of public safety and general good, to bolster up the trade of the trust. The absurdity of the law from any standpoint will be recognized at once when it is seen that this law, before it could be passed and put into effect, would be in absolute conflict with the Federal law known as the Esch-Hughes law, which goes into effect on the 1st of July next. At the numerous hearings prior to the passage of the Esch-Hughes bill, and at the many hearings before the explosives commission and fire-prevention bureau of New York City, it was conclusively proved that the match, such as specified in the proposed new match law of National Board of Fire Underwriters and National Fire Protection Association, is a most dangerous proposition. First, because the deadly white phosphorus used as the ignition tip is the cause of hundreds of deaths by accidental poisoning. Second, because the fumes of the phosphorus in the match factories, kill and maim a great many innocent employees, and third, because the white phosphorus tip is a most dangerous fire hazard. The new law is in no sense a fire protective measure. White phosphorus when handled in the factories and other places is kept under water, and will burst into flame when exposed to the air at moderate temperature. The chemical characteristics of this tip are not changed when it is put on the match, but the phosphorus is

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combined with glue, a filler, and other materials which render it slightly less combustible; but matches tipped with white phosphorus will burst into flames at the slightest provocation, and the boxes of matches when exposed to the hot sun shining through a window, will ignite and set fire to surrounding materials. This was so clearly proven that the Federal law practically prohibits the manufacture of such matches after the 1st of July, 1913, by putting a prohibitive tax on them. Yet, notwithstanding this fact, which is thoroughly understood by the National Board of Fire Underwriters and National Fire Protection Association, these bodies lend themselves and their prestige and name in the fire prevention business to a law which permits the manufacture of a match tabooed by every other civilized country, and for which there is not the slightest excuse. The sesquisulphide of phosphorus used as a substitute for the white phosphorus tip is not poisonous, it ignites at a higher temperature, and the matches made with it are as good as those made with the white phosphorus. It costs a few cents more per gross to manufacture the nonpoisonous match, but it does not cost the consumer any more because these matches sell at the same price as others. Numerous independent manufacturers are marketing this nonpoisonous match in large quantities, and it can be made by the trust or anyone in the business as readily as the other match. Yet, because of the increased profit, the trust and certain other manufacturers have opposed legislation looking to the manufacture of this safe match, and the National Board of Fire Underwriters and National Fire Protection Association have lent themselves, for some reason, to the uses of these manufacturers, and propose the ridiculous law set forth in their pamphlet.

"Furthermore, at the hearings in New York City and other places, it was conclusively shown that the ordinary match is a most deadly fire hazard, not solely because of the use of white phosphorus, but because the stick of the match is untreated and when the flame is extinguished a live coal remains for quite a long time and a person who has blown out a match and thinks it is extinguished, throws it among combustible material and a puff of air causes the coal of the match stick to set fire to such material, and a conflagration ensues. This was generally decided to have been the cause of the Equitable fire and other big fires. There is not a match manufacturer on America but what understands thoroughly how to impregnate match sticks, by simply immersing them in an acid bath, which acts on the stick in such a way that when it burns, complete carbonization ensues, and when the flame is extinguished there is no afterglow or coal. The National Board of Fire Underwriters understands this matter fully and clearly, and yet in the proposed law it ignores it completely. Apparently, the board of fire underwriters, which is supposed to be looking after the public interests, and to be interested in reducing fires, has lent itself as a tool to the trust and a few other independent manufacturers, with a view of perpetuating the use of the outlaw match, notwithstanding the fact that Congress has already prohibited it. There is urgent need of a State law regulating the manufacture and sale of matches, but such a law, to be in the real interest of the public, should provide that no matches should be made, sold, offered for sale, or otherwise disposed of, which contain white phosphorus as an ingredient, and further, that no such sale or distribution of matches should be permitted unless the match sticks are chemically treated so as to cause complete carbonization when lighted, and so as to prevent any afterglow or coal. The regulations put out by the board for packing and storing are proper and decent, and the whole proposed law would seem reasonable to one who was not at all conversant with the match situation, but to anyone who understands the situation as above noted, such a proposed law is ridiculous and criminal because it will perpetuate the use of the dangerous match and will result in the needless destruction of millions on millions of property, and will also bring the State into direct conflict with the national law, as above stated.

"WARREN B. HUTCHINSON,

"President Salvation Match Co.,

"135 Broadway, New York City."

Attention is also called to the new match law of New York City, referred to on page 10, white phosphorus match hearing (H. R. 2896), that became effective January 1, 1913, of which sections Nos. 258, 265, 272, 273, and 274, read as follows:

"SEC. 258. On and after the 1st day of January, 1913, it shall be unlawful for any person to manufacture, transport, store, or sell within the city of New York, any matches in the manufacture of which white phosphorus enters as an ingredient.

"SEC. 265. It shall be unlawful for any person to transport, store, or sell within the city of New York any matches for which a certificate of approval shall not have been issued by the fire commissioner.

"SEC. 272. No certificate of approval shall be issued for any match of the type or kind commonly known as 'fuzees' or 'wind matches' or for a match the stick of which

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has not been treated to a process of impregnation for the purpose of preventing an afterglow.

"SEC. 273. It shall be unlawful for any person to store, transport, or sell within the city of New York, any matches unless the box or container in which they are packed bears plainly marked on the outside thereof the name of the manufacturer, the number of the certificate of approval, and the words 'Approved Match, No. —.'

"SEC. 274. A person who violates any of the provisions of this article is guilty of a misdemeanor."

These features of the law were vigorously opposed by most all of the manufacturers of the common American household matches. A public mass meeting was held in this city to support the law which is now being reluctantly complied with by most of the companies supplying the New York City trade, notwithstanding the protests of these same manufacturers to the effect that they could not make matches to comply with the law. These protests made at public hearings before the municipal explosives commission, were based on the theoretical objection that "impregnation" destroys the strength of the splint. This is not true of matches made in Europe. The objection to "impregnation" is in reality based on the slight additional cost of manufacture, plus the expense due to changes in machinery equipment that will permit the manufacture of safe matches. Matches required by the Esch-Hughes law will not ignite as readily as phosphorus matches, and therefore, the common American-made match will break easily whether "impregnated" or not, unless made with uniformly as strong splints as the European match.

5. The largest match manufacturing company in this country, or in the world, having 60 to 75 per cent of the trade, has paid 10 per cent per annum on an enormous capitalization over a longer period of time than any corporation in America, excepting the New York, New Haven & Hartford Railroad. This match company, and most of the other manufacturers of matches in this country, have always covertly antagonized all restrictive legislation pertaining to the manufacture, distribution, handling, or sale of matches.

6. The manufacturing cost of matches made and used annually in the United States, amounts to approximately \$15,000,000. The output is the equivalent of about 20,000 cases a day, containing one gross of boxes of approximately 500 matches each, that retail to the consumer at 5 cents a box, or a total of about 50,000,000 a year, to the consumer. The jobbers' cost is about 40 per cent of this total retail price. The pernicious method pursued by the leading manufacturers to crush out competition in inducing retailers to purchase a certain given amount of matches at one time is to give from 10 to 20 per cent of free goods. This practice is pursued by the larger companies to strategically attack the small manufacturer wherever the latter may be gaining a foothold. The present unjust discriminative duty on matches, such as might be used in the household, is less than the value of free goods so offered to the trade. In fact, the present discriminative duties operate in favor of the largest match manufacturing company in this country, which owns or claims to have an interest in factories located in Europe, and has enabled this company, by oppressive trust methods notorious in the trade, to retain control of the bulk of the business in this country at the expense of the consumer. Benefits from free goods accrue only to the middlemen, whose profits from the sale of matches are relatively greater than from any other commodity sold by them.

CONCLUSION.

Matches with impregnated wood splints, of the household type known as "strike-anywhere safety matches," on account of their superiority and use, should be made practically exempt from duty. The importation of dangerous matches should be prohibited.

The suggestion is made that the tariff regulations pertaining to the importation of matches be made in accordance with the conditions of the following classification:

Class 1.—The importation of matches of the type or kind commonly known as "fuzees" or "wind matches," or of matches of all descriptions made with wood splints or sticks that have not been impregnated with a chemical compound or process that will insure and result in instantaneous carbonization of the match when under combustion, and prevent an afterglow or live coal, when the flame of the match has been extinguished, is prohibited.

Class 2.—Wax and fancy matches and tapers, 35 per cent ad valorem.

Class 3.—Matches made with "impregnated" wood splints or sticks that require ignition on an especially prepared surface, commonly known as "strike-on-the-box safety matches," per gross of 144 boxes containing not more than 100 matches each, 6 cents per gross. When imported in boxes containing over 100 matches each, four-tenths of 1 cent per 1,000 matches.

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Class 4.—Matches made with "impregnated" wood splints or sticks that will ignite by friction on any abrasive surface, and commonly known as "strike-anywhere matches," one-tenth of 1 cent per 1,000 matches.

Class 5.—Matches not otherwise provided for, 100 per cent ad valorem.

Respectfully submitted.

WALDO PECK ADAMS,
34 Pine Street, New York City.

JANUARY, 1913.

EXHIBIT No. 1.

SCHEDULE N, MATCHES.

Importations in boxes containing not more than 100 matches each.

	1896 (Wilson).	1905 (Dingley).	1910 (Payne).	1911 (Payne).	1912 (Payne).
Number of gross.....		671,597	1,460,823	2,359,534	2,030,391
Value.....	\$147,377	\$171,325	\$350,031	\$537,721	\$441,681
Average unit.....		0.255	0.24	0.228	0.218
Duties.....	\$29,475	\$53,727	\$89,750	\$141,572	\$121,697
Rate.....	¹ 20	² 8	² 6	² 6	² 6
Ad valorem..... per cent.	50	31.96	25.64	26.33	27.59
Production.....		\$5,646,741	\$11,353,138		
Exports.....	\$90,315	\$52,834	\$80,877	\$77,106	
Consumption.....		\$5,765,232	\$11,622,292		

¹ Per cent.

² Cents per gross.

NOTE.—It will be noted that the ad valorem unit cost of importation, which applies to 1 gross of boxes containing 100 matches or less each, has steadily decreased. Under the present tariff it is possible to import 1 gross of 144 boxes of matches containing 100 each, or 14,400 matches, for 6 cents. The present ad valorem unit cost of \$0.218 applies on the commercial box of "safety" matches, containing 60 each. One gross of these boxes contains 8,640 matches, which at the unit cost of 1912 is at the rate of about 2.4 cents per thousand matches, notwithstanding the increased cost, as compared with household matches, of packing in small boxes. This is about one-third the cost per thousand matches as set forth in Exhibit No. 2 of the 1912 ad valorem cost. This difference in cost is partly due to the smaller size of the splints as compared with household matches and to the difference in cost of the chemicals used on the ignition tips of the matches. It is also due to the competition of the European manufacturers for the American trade.

EXHIBIT No. 2.

SCHEDULE N, MATCHES.

Importations in boxes containing over 100 matches each.

	1896 (Wilson).	1905 (Dingley).	1910 (Payne).	1911 (Payne).	1912 (Payne).
Quantity, in thousands.....		567,413	391,011	509,879	58,694
Value.....		\$22,374	\$17,350	\$37,632	\$4,285
Average unit.....		0.039	0.044	0.066	0.073
Duties.....		\$5,674	\$3,411	\$4,274	\$440.22
Rate per 1,000.....		0.01	0.0075	0.0075	0.0075
Ad valorem..... per cent.		25.36	19.66	11.36	10.27

NOTE.—It will be noted that the average unit cost per 1,000 matches has steadily increased. This is in a large measure due to elimination of competition for American trade, which has been practically shut out for the last 40 years by excessive tariff. The present tariff is three-quarters of 1 cent per 1,000 matches. The duty on 1 gross of 144 boxes of 500 matches each, or 72,000 matches, is 56 cents, or almost twice as much as the duty assessed if packed in boxes containing 100 matches or less. Matches packed in the larger individual boxes strike anywhere and are used in the household. A comparison of ad valorem unit cost per 1,000 matches of the "household" type, viz., matches packed in the larger individual boxes, with the average unit ad valorem cost, plus duty on the so-called "safety" matches (see Exhibit No. 1), making computations on a basis of the commercial boxes of safety matches, containing 60 each, under the Payne tariff only, gives an average cost, 1910 to 1912, inclusive, of \$0.289 per gross of 144 boxes, which, at 60 matches each, is 8,640 matches, and is equal to a total average import cost per 1,000 matches of about \$0.0323. The lowest ad valorem cost per 1,000 matches, when packed in large boxes, is \$0.039 without duty, while the average cost shown under the Dingley and Payne tariff is \$0.055. Notwithstanding the difference in cost, the duty on safety matches is high enough and should not be increased, but the duty should be removed entirely on "household strike-anywhere" matches packed in boxes of any quantity for the benefit of consumers.

The correctness of the ad valorem unit costs under the Payne tariff is questioned.

PARAGRAPH 436—MATCHES.

EXHIBIT A.

RE SCHEDULE A—MATCHES—IN CONNECTION WITH BRIEF SUBMITTED BY WALDO P. ADAMS, 34 PINE STREET, NEW YORK, JANUARY 30, 1913.

BOASTS HE CONTROLS WORLD'S MATCH TRADE.

O. C. Barber, president of the Diamond Match Co., returned from Europe to-day on the *Mauretania*. He said he doesn't care who is elected President. No one man is capable of spoiling the business of the United States, he added.

"It looks as if we are going to have an improvement in business generally," said Mr. Barber.

In illustrating how his company controls the world's match business, Mr. Barber pulled a box of matches from his pocket and offered them to those who stood around him.

"They're from Sweden," he said. "If you don't like them, try these. They are from Germany," and he drew a second box from his pocket. He said he carried matches made by his trust that came from many different parts of the world.

TARIFF LEAGUE SUES O. C. BARBER FOR DUES.

[The World, Oct. 31, 1912.]

That Ohio Columbus Barber, organizer and former president of the Diamond Match Co., owes the American Protective Tariff League \$1,840 in back dues is alleged in the complaint of a suit filed against him to recover that amount by the league's attorney in the supreme court yesterday.

The papers assert that since Mr. Barber joined the league in 1888, upon the payment of \$100, he has not paid a single assessment, except one of \$2 in 1910. That was to pay for a souvenir issued by the league.

Although George W. Carr, of No. 29 Wall Street, has been trying to do so for more than two years, he only succeeded in serving a summons on Mr. Barber on Tuesday.

WOMEN TO FIGHT FIRE—ORGANIZE NATIONAL PREVENTION ASSOCIATION—TO INCORPORATE—EDUCATIONAL CAMPAIGN—MRS. VALESH, FOUNDER OF MOVEMENT, DESCRIBES HER PLANS FOR TALKS TO WOMEN.

[New York Tribune.]

"Women have the reputation of losing their heads in a panic, and women can do better work in fire prevention than men," were the two somewhat paradoxical reasons advanced last night by Mrs. Eva MacDonald Valesh, of 42 West Thirty-ninth Street, for the formation of a woman's national fire prevention association, the organization of which is to be completed on Monday at a meeting to be held in Mrs. Valesh's office.

Mrs. Valesh, who is temporary chairman of the association, and probably will be elected its permanent president, told a Tribune reporter that the membership of the association would be largely housewives, and all the work of the association would be voluntary and would be carried on by voluntary contributions. Fire Commissioner Johnson probably will be on the advisory board.

"The fire loss in our country is enormous and criminal," said Mrs. Valesh, "and it's largely up to the women to lessen it. We shall encourage housewives to clear out all accumulations of waste materials tucked away in odd corners in closets and kitchens and attics, and we shall give prizes to the women who have followed our instructions and whose homes are found to be most carefully arranged with a view toward fire protection.

"Our expert adviser will be Alexander Brociner, a consulting engineer, who will give talks to the women and prepare the pamphlets to be sent to them.

"Another thing we shall encourage women to stop doing is dabbling gasoline on their gloves before going out. I've kept careful statistics of the fires resulting from the careless use of gasoline in the house for cleaning, and I find it is by far the most prolific cause of the death of women from fire. Few of them realize that it isn't always even necessary to have a spark to ignite gasoline; it often ignites spontaneously.

"We expect to do a lot of work among the factories in the way of giving instructions to the girls that will help them to know what to do in the case of fire—how to extinguish a small blaze and how to keep cool in a panic."

PARAGRAPH 436—MATCHES.

When the reporter asked Mrs. Valesh how she expected to train factory girls to keep their heads in a stampede she said:

"Well, one of our members suggested letting a mouse loose and then organizing a fire drill, but I think that's rather foolish, don't you?"

"We don't wish to stir up the girls against their employers, so we shall work among the employers ourselves, and urge them to unlock doors and have some recognized order in the disposal of inflammable materials, and frown upon smoking by the men, from the point of view of fire protection.

"We do not wish to criticise any existing forces, but we desire to cooperate with them. It is a large field of effort, and there is a great opportunity and need in it for women's work.

"We shall also do a lot of work in the suburbs, where most women haven't the remotest ideas of fire prevention, and the loss among frame houses is appalling. We shall get hold of the school teachers and ministers' wives in the small communities and get them to give talks.

"A great part of our work also will be to see that existing legislation is carried into effect, such as the new law that goes into effect on January 1, requiring all match manufacturers to impregnate their matches with a certain substance which will prevent the afterglow which causes so many fires.

"The association will be a nation-wide affair, and we shall apply for articles of incorporation on Monday. Already branches are organizing in Texas, Illinois, and Minnesota."

DIX PROCLAIMS OCTOBER 9 FIRE-PREVENTION DAY—GOVERNOR CALLS ON ALL PEOPLE OF STATE TO COOPERATE IN OBSERVANCE.

[New York Sun, Sept. 26, 1912.]

ALBANY, September 25.

Gov. Dix issued a proclamation to-day designating October 9 as fire-prevention day and asking the cooperation of the people of the State in its observance. The governor in his proclamation says:

"The subject of conservation of our resources has of late deservedly received the most careful attention.

"Our forests are to be preserved, our water power and waterways developed and utilized, and the hidden forces of nature made subservient to the well-being of man. A signal example is afforded by the conservation law of 1911, which now safeguards the natural resources of the State.

"In line with this policy there can be no doubt of the imperative need of the study of the fire waste with a view to its prevention or reduction.

"The fire losses and cost of fire prevention in the United States amount annually to \$480,000,000, or more than the total American production of gold, silver, copper, and petroleum each year. The equivalent of a \$5,000 home is destroyed every 10 minutes.

"In one year 1,449 persons lost their lives and 5,654 were injured in fires.

"In one year we had 300 fires in the Adirondacks alone. In three months, October, November, and December, 1911, there were in this State outside of Greater New York 3,001 fires, with a loss of \$2,884,757.

"Statistics could readily be multiplied, if necessary, to show the appalling waste of property and loss of life occasioned by fires, at least 65 per cent of which are caused by carelessness or ignorance.

"For the reasons herein set forth, in order to rouse our people to a vivid sense of fire dangers and induce them to take a more active interest in the subject, I hereby proclaim Wednesday, October 9, 1912, as State fire-prevention day, and I earnestly recommend that our people observe it by a general cleaning up and removal of all rubbish, trash, and waste, and a setting of their heating apparatus and chimneys in proper condition for winter use.

"Let all public and private institutions, hotels, asylums, factories, and theaters be looked over on that day and when necessary add anything that will further protect the safety of the occupants.

"Let local authorities give attention to the matter of better building regulations, fire protection, and prevention as well as adequate provisions for apparatus for fire fighting.

"Lastly, let fire drills be held on that day in institutions, factories, private, public, and parochial schools, and let teachers instruct pupils through short talks and appropriate program on the dangers of fire and means of prevention."

PARAGRAPH 436—MATCHES.

NEW YORK CITY NEW MATCH LAW—MUNICIPAL EXPLOSIVES COMMISSION.

Regulations of the Municipal Explosives Commission of the City of New York. Adopted pursuant to section 778C of the Greater New York Charter. Resolution adopted by Municipal Explosives Commission January 3, 1912.

"All regulations of this commission in force on the 1st day of January, 1912, are hereby repealed, and the annexed regulations, consisting of Articles I to XXVII, inclusive, sections 1 to 598; inclusive, are hereby adopted as the regulations of the Municipal Explosives Commission of the City of New York."

GEO. O. EATON,
SIDNEY HARRIS,
BARTHOLOMEW DONOVAN,
Commissioners.

January 3, 1912.

A true copy.

R. S. LUNDY, *Secretary.*

Approved..

JOS. JOHNSON, *Fire Commissioner.*

REGULATIONS OF THE MUNICIPAL EXPLOSIVES COMMISSION OF THE CITY OF NEW YORK.

ARTICLE VII.—MATCHES.

SEC. 257. Except as provided in sections 263 and 264 of these regulations, it shall be unlawful for any person to manufacture, transport, store, or sell any matches within the city of New York, without a permit from the fire commissioner.

SEC. 258. On and after the 1st day of January, 1913, it shall be unlawful for any person to manufacture, transport, store, or sell within the city of New York any matches in the manufacture of which white phosphorus enters as an ingredient.

SEC. 259. A permit allowing the manufacture of matches within the city of New York may be issued by the fire commissioner upon a written application giving in detail the following information:

- (a) Name and address of applicant.
- (b) Location of premises where the matches are to be manufactured.
- (c) Nature of construction of buildings.
- (d) Location and construction of the building or buildings wherein the finished product is to be stored, and the maximum quantity of finished product to be stored therein at one time;

(e) Detailed plan (accompanying application) of the premises, drawn to a scale of not less than one-sixteenth of an inch to the foot.

SEC. 260. No permit shall be issued for the manufacture of matches within the city of New York, except in buildings used exclusively for that purpose the walls of which are constructed of brick, stone, or other fire-resisting material, and which are artificially lighted by any means other than electricity.

SEC. 261. Permits for the storage and sale of matches within the city of New York may be issued by the fire commissioner upon written application giving in detail the following information:

- (a) Name and address of the applicant.
- (b) Location of the premises.
- (c) Maximum quantity of matches to be stored at one time.

SEC. 262. No permit shall be issued for the storage or sale of matches within the city of New York in quantities aggregating more than 60 matchman's gross for any premises.

(a) Which are occupied as a tenement house, dwelling, school, workshop, factory, theatre, or other place of public amusement or assembly.

(b) Which are of wooden construction.

(c) Where paints, oils, varnishes, lacquers, resin, turpentine, petroleum or any liquid product thereof, hemp, cotton, guncotton, smokeless powder, black powder, blasting powder, fireworks, or any other explosives are manufactured, stored, or kept for sale.

(d) Which are not provided with such number of fire extinguishers and pails of water as may be required by the fire commissioner.

SEC. 263. No permit shall be required for the storage and sale of matches within the city of New York by a person holding a permit to manufacture matches.

SEC. 264. No permit shall be required for the storage or sale of matches within the city of New York in quantities aggregating not to exceed at any time 60 matchman's gross (14,400 matches each gross).

PARAGRAPH 436—MATCHES.

SEC. 265. It shall be unlawful for any person to transport, store or sell within the city of New York any matches for which a certificate of approval shall not have been issued by the fire commissioner.

SEC. 266. Applications for certificates of approval of matches shall be made to the fire commissioner and shall give in detail the following information:

- (a) Name and address of the applicant.
- (b) Whether applicant is the manufacturer, manufacturer's agent, or an importer.
- (c) Location of factory or factories where the matches to be approved are manufactured.
- (d) A list of each combustible ingredient and each oxidizing agent entering into the manufacture of the match.
- (e) Name, brand, or trade-mark under which the matches are to be sold.
- (f) Description of the box or container in which the matches are to be sold.

SEC. 267. At the time of filing the application mentioned in the preceding section the applicant shall deposit with the fire commissioner a sample of the matches for which approval is requested, packed in the labeled box or container in which such matches are to be sold.

SEC. 268. No application shall include more than one kind or type of match.

SEC. 269. A certificate of approval of a kind or type of match shall bear a serial number and the name, brand, or trade-mark under which the match is sold. The number thus given to a type or kind of match shall remain the same in all subsequent renewals of the certificate of approval.

SEC. 270. It shall be unlawful for any person to place in a box or container marked in accordance with section 273 of these regulations any matches for which a certificate of approval shall not have been issued by the fire commissioner.

SEC. 271. Not more than 1,000 matches shall be placed in a single box or container; and where more than 200 matches are placed in a single box or container they shall be arranged in two layers, so that the heads of the upper layer shall point in the opposite direction to the heads of the matches in the lower layer.

SEC. 272. No certificate of approval shall be issued for any match of the type or kind commonly known as "fuzees" or "wind matches," or for a match the stick of which has not been treated to a process of impregnation for the purpose of preventing an afterglow.

SEC. 273. It shall be unlawful for any person to store, transport, or sell within the city of New York any matches unless the box or container in which they are packed bears, plainly marked on the outside thereof, the name of the manufacturer, the number of the certificate of approval, and the words "Approved match, No. —."

SEC. 274. A person who violates any of the provisions of this article is guilty of a misdemeanor.

LEGISLATIVE AUTHORITY.

The following is the last paragraph of chapter 899 of the laws of 1911, amending the Greater New York charter in relation to the better prevention of fires and is known as section 778-c of the Greater New York charter.

SEC. 778-c. The municipal explosives commission, as constituted at the date when this act shall take effect, is continued, and its members shall hold office during the pleasure of the mayor. All regulations of such commission approved by the fire commissioner, except such as relate exclusively to its organization or to the duties and discipline of its officers and employees, shall constitute a chapter of the code of ordinance of the city, and shall be subject to amendment or repeal by the board of aldermen.

Became a law October 19, 1911.

EXPLANATORY.

The principal features of the new match law from the standpoint of the consumer are contained in sections Nos. 258, 272, 273, and 274.

The provision in section No. 258 as to the use of white phosphorus is a prohibition of the poisonous match, and is a safety measure, from the standpoint of fire hazard.

White or yellow phosphorus used in the manufacture of poisonous matches, when handled in the match factories, is kept under water, and will burst into flame when exposed to air at moderate temperature.

The chemical characteristics of this ingredient when used on the ignition tip on the match, are not changed, but the phosphorus is combined with glue and other materials which render it slightly less combustible. Matches tipped with white

PARAGRAPH 436—MATCHES.

phosphorus (which may be colored with dye matter to any color) will burst into flame at the slightest provocation. Such matches, when exposed to the hot sun shining through a window, will ignite, and are dangerous from every standpoint; warehousing, trucking, storing, handling, or using.

Section No. 272 is of vital importance to the consumer and to the public generally, as it provides that the stick or splints of matches shall be treated to a process of impregnation for the purpose of preventing a dangerous fire-creating afterglow when the flame of the match is out. Almost without exception, unless their attention has been previously called to this great fire hazard, the users of matches are of the impression that the match is out when the flame is extinguished. This is not so. Eighty to ninety per cent of the matches used in the United States have no such treatment, as they leave a live coal for quite a long time after the flame is extinguished, which will set fire to combustible material and causes many disastrous conflagrations.

Fires caused by matches, having regard to the replacement value of properties destroyed, cause an annual loss in the United States of approximately \$50,000,000, a thousand lives, and many injuries, so that it is safe to say that for every dollar's worth of unsafe matches sold a dollar's worth of property is destroyed.

The only objection on the part of most of the American manufacturers to make safe matches is the slight additional expense involved, which is so small that it will not affect the wholesaler, retailer, or the consumer in price.

The new match law for New York City is the best and most stringent law provided for by any municipality in the United States and should be strictly and rigidly enforced. To do this requires the cooperation of all the people of this great city.

LAW AS TO THE SALE OF POISON—SANITARY CODE OF THE BOARD OF HEALTH OF THE DEPARTMENT OF HEALTH OF THE CITY OF NEW YORK, 1912.

SEC. 66. No poison shall be sold at retail by any person in the city of New York without having affixed to the bottle, box, parcel, or receptacle containing such poison a label bearing the word "Poison" distinctly shown, printed or written in red ink, together with the name and place of business of the seller and the name of the poison printed or written upon such bottle, box, parcel, or receptacle in plain legible characters.

NOTE.—White phosphorous matches contain an average of a fortieth of a grain to a match.

A few of such matches contain sufficient poison to kill a child, and several hundred of innocent lives yearly are sacrificed in the United States through sucking the heads of poisonous matches.

There are over 50,000,000 matches used daily in the metropolitan district of New York. At least 75 per cent of such matches are poisonous and dangerous in every way, not only as poison, but hazardous from a fire standpoint.

GREAT FIRE LOSSES CAUSED BY USE OF UNSAFE MATCHES.

[New York World, Nov. 10, 1912.]

The fire that destroyed the Equitable Building in this city on January 9, 1912, was caused, it is alleged, by a match. This conclusion was reached after a month's study of the disaster by F. J. T. Stewart, superintendent of the bureau of survey of the board of fire underwriters. In his report to the fire underwriters he said:

"The timekeeper of the Cafe Savarin arrived at the building about 5 a. m. the day of the fire and went immediately to his office, a small frame inclosure in the receiving room, located in the basement of No. 12 Pine Street.

"He lighted the gas in his office and threw away the match. At about 5.18 a. m. another employee discovered the fire in the timekeeper's office. The waste-paper basket, chair, and desk were burning briskly."

That was the start of a fire that caused over \$5,000,000 in property loss, including the building itself, and that brought the financial operations of New York City and practically the whole country to a standstill for several days, closing the Stock Exchange and imperiling \$10,000,000,000 in securities and other valuables in safe and deposit vaults.

The Asch Building fire in this city, where 147 Triangle shirtwaist operatives were killed, was caused by a lighted match dropped into waste materials.

The match men are now said to be secretly plotting to get the board of aldermen to shove aside the proposed ordinance to abolish white sulphur tipped and non-impregnated matches, which ignite too easily, are poisonous, and which glow after they are blown out.

PARAGRAPH 436—MATCHES.**ANNUAL LOSS BY MATCHES LARGE.**

[St. Louis (Mo.) Globe-Democrat, May 17, 1912.]

CHICAGO, ILL., *May 16.*

Matches cause \$36,000,000 worth of property destruction each year in the United States alone, and kill more people every year than all the dynamite manufactured in this country, according to the National Fire Protection Association, assembled in convention in Chicago, which went on record to-day in favor of legislation to curtail such losses.

WARNING AGAINST THE USE OF UNSAFE MATCHES.

There is great danger in the careless use of unsafe matches, particularly in the home or living quarters.

Matches to be safe for use must be nonpoisonous and the match stick given a chemical treatment that will prevent any afterglow or live coal when the flame of the match is extinguished.

SPECIAL WARNING.

Never throw away a lighted match until you are sure it is completely extinguished, as you may cause a disastrous fire and loss of human life, should the match, while still aglow, be thrown into combustible material.

Never allow children to play with any kind of matches.

Refuse to purchase any matches unless there is printed on the box containing the matches that they contain no poison, and that on each box is printed that the matches have been approved.

Most all matches made with round sticks that are now on the market do not comply with the New York law. Square-stick matches that comply with the law are on the market in abundance.

FEATURES CONSTITUTING A SAFE MATCH.

NEW YORK, *December 10, 1912.*

First. Contain no poison.

Second. No afterglow or live coal is left when the flame is extinguished.

Third. The match stick must be large and strong.

Fourth. Square matches are superior to round matches, as they burn better after being lighted.

Fifth. Matches should not ignite easily except on a rough surface, as ignition at a low temperature is dangerous.

Sixth. Flying sparks in lighting a match are dangerous.

Seventh. Safe matches that comply with the law cost no more than matches that are dangerous and unsafe to use.

NOTE.—Matches are cheaper when bought in large packages rather than small, as a greater number of matches are sold at the same retail price.

[New York World, Oct. 27, 1912.]

MATCH TRUST IN PLOT TO NULLIFY SAFETY MEASURE—FEDERATION OF WOMEN'S CLUBS DETECTS SCHEME TO PREVENT FIRE-PREVENTION ORDINANCE GOING INTO EFFECT JANUARY 1.—IT IS INTENDED TO ELIMINATE PHOSPHORUS MATCHES—THESE CAUSE \$36,000,000 FIRE LOSS IN COUNTRY YEARLY AND POISON THOUSANDS.

Another big fight is on in New York City against the Match Trust in consequence of the announcement on Friday by the Federation of Women's Clubs that the trust had discovered a plan to stave off the ordinance against unsafe matches adopted last January by the municipal explosives commission and scheduled to go into effect on January 1 next.

The ordinance in question, which was adopted after 18 months of public hearings and discussions, prohibits the manufacture, sale, storage, or transportation in Greater New York of white phosphorus matches, and the measure provides also that all matches must have stems that have been treated to a process of impregnation for the purpose of preventing an afterglow.

The Asch Building fire on Washington Place, in which 147 girls lost their lives was said to have been caused by the afterglow of a phosphorus match dropped into a heap of waste in a shirt-waist factory.

PARAGRAPH 436—MATCHES.

CAUSE GREAT LOSS OF LIFE ALSO.

Insurance experts testified before the municipal explosives commission that phosphorus matches cause over \$36,000,000 in fire loss yearly in the United States besides poisoning to death 1,000 children a year who suck the heads of matches. In addition many employees in the match factories are poisoned by handling the phosphorus. "Phossy jaw" is one of the industrial diseases that afflicts them. It is caused by the absorption of the fumes and the particles of white phosphorus through the teeth or gums. Phosphorus in this form is a deadly poison. Inflammation is set up which extends along the jaw, killing the teeth and gums.

In an official statement issued by the American Association for Labor Legislation it is asserted that "match manufacturers say that the poisoning method of making matches is about 5 per cent cheaper, and that competition is so keen that no one of them can afford to stop using the poison unless all competitors are simultaneously prohibited from using it."

This step has already been taken by the United States Government, which has canceled certain patents on antipoissonous phosphorus compounds so as to make safe processes open to all. Following that up, the National Congress has passed the Esch-Hughes bill, which forbids the manufacture or importation of white sulphur matches after July 1, 1913, and prohibits the sale of such matches after January 1, 1915. The national statute is a health measure.

START THIRD OF CITY'S FIRES.

The New York City antimatch ordinance, scheduled to go into effect January 1, 1913, is a fire-prevention measure, and as such includes not only the provision against phosphorus tips but has the additional requirement as to the impregnating of the match sticks so as to prevent an afterglow. One-third of the fires in this city are said to be due to phosphorus matches with inflammable stems.

According to the resolution adopted on Friday by the New York City Federation of Women's Clubs, it is the fire commissioner and his deputies who are about to petition the board of aldermen to amend the match ordinance so as to keep it from taking effect until at least July 1, 1913. The federation protests against any alteration, amendment, or extension of time for the enforcement of the new law, and it insists that the law be enforced strictly to the letter as a matter of public policy and for the public good.

The fire commissioner and his deputies say that they mean only to be fair to all interests, and that the aldermen can do nothing without having given a public hearing. It is said that the fire department officials and those of the municipal explosives commission have been subjected to strong pressure by the match manufacturers, who claim that they ought to have "a little more time."

FEAR MATCH TRUST PLOT.

Fear is expressed that the agents of the Match Trust may have cooked up a plot under which, with the connivance of certain lobbying interests, the whole plan may even yet be rushed through the board of aldermen on a cut-and-dried program without regard to public protest. It is to kill any such plot that the renewed agitation, now under way, is got up under the leadership of the Federation of Women's Clubs.

The aldermen get their power to act under the last paragraph of chapter 899 of the laws of 1911, amending the Greater New York charter in relation to the better prevention of fires, and is known as section 778-C of the charter. It says:

"The municipal explosives commission as constituted at the date when this act shall take effect (Oct. 19, 1911) is continued, and its members shall hold office during the pleasure of the mayor. All regulations of such commission approved by the fire commissioner, except such as relate exclusively to its organization to the duties and discipline of its officers and employees, shall constitute a chapter of the code of ordinances of the city, and shall be subject to amendment or repeal by the board of aldermen."

ALDERMEN HAVE POWER TO AMEND.

Thus the aldermen have power to amend or repeal the entire body of fire prevention measures which the public has been expecting to see go into force next New Year's Day.

The match manufacturers recently have been unloading vast quantities of phosphorus matches at cut rates on New York City retail grocers, and it is asserted that

PARAGRAPH 436—MATCHES.

this is in pursuance of a scheme to force the retail trade of the city to ally itself with the match makers in the fight against the new law. The retailers will be practically forced into the scheme, it is said, because with few exceptions they were not aware of the impending match code, and so they went eagerly and unsuspectingly into what looked to almost all of them to be a fine speculation in matches at the expense of their customers, and many of the retailers are said to have stocked up enough of the prohibited matches to last them a year and a half under ordinary business conditions.

Most of the match manufacturers, headed by the Match Trust itself, are prepared, it is said, to complain anew to the aldermen against the expense of modifying the processes of manufacture so as to provide for impregnating the stems of the matches with a nonafterglow compound.

NONPOISONOUS MATCH COSTS MORE.

In his last annual report to his stockholders President Edward R. Stettinus, of the Diamond Match Co., often called the Match Trust, stated that the nonpoisonous match would cost 7 per cent more to make, and that the making of a match with an impregnated stem would cost an extra 10 per cent, or 17 per cent in all. As against this it is asserted in the trade that matches are now made at a cost of \$2.50 a case—containing 144 boxes of 500 matches each—and are sold to the trade at \$3.50 to \$4.50 a case, a gross profit of 40 to 80 per cent. The retailer gets \$7.20 a case, a gross profit of 60 to 103 per cent. By this calculation the gross profit on the improved safety matches, even if the prices were not raised to the retailer, would be, it is said, not less than 23 per cent to the manufacturer; and, if the retailer had to pay the extra 17 per cent to the maker, the gross profit to the retailer would be at least 43 per cent.

One other claim some of the match manufacturers make, namely, that it weakens a match to impregnate it, making the match liable to break in two when struck for lighting. But this is only true, it is said in opposition, in the case of a match made from wood that has been dried or weathered in the open air and does not apply at all to kiln-dried wood.

"SAFETIES" AS STRONG AS OTHERS.

As a matter of fact, the experts in the trade say the trust and its allies are simply bluffing, inasmuch as they are now actually making, in competition with European manufacturers, several different brands of matches, among them so-called safety matches, all of which have impregnated stems. There are now on the American market more than a dozen different brands of matches, including "safeties," with impregnated stems, and they are considered in the trade as being as strongly made as the nonimpregnated matches.

The safety-match ordinance is also needed, it is urged, in order to bar out the brands of foreign-made matches that are outlawed in Europe by the fire-prevention and public-health regulations. Some of these foreign brands masquerade as "licensed" matches, although they are not licensed. As the laws now stands, a German manufacturer can put a lying "license" sign on his matches and sell them here without violating any statute here or in Germany. If he sold the same matches in Germany he would be fined or imprisoned, or both. Many of the foreign brands are actually licensed abroad, and they are nonpoisonous and have impregnated stems.

CANADA BARS DANGEROUS KIND.

Canada is taking the same action as New York is taking in regard to matches, and the city of St. Louis has passed a similar ordinance.

Although the patent on the harmless substitute for the deadly white phosphorus, formerly owned by the Match Trust, has been canceled and is now free to all, the trust as well as most of the independents are still making white phosphorous matches in immense quantities, and will make them, so the agents of the plants say, right up to the last moment the law allows.

[Evening World (N. Y.), Oct. 28, 1912.]

THE MENACE OF OBSOLETE MATCHES.

The Match Trust is reported to be laying plans to defeat the ordinance against white phosphorus matches adopted last January by the municipal explosives committee, to go into effect January 1, 1913. By selling vast quantities of the old danger-

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ous type of match to local grocers at cut rates the Match Trust hopes to persuade retail dealers to fight the law. The aldermen will have the ultimate say.

The white phosphorus match has had its trial. The case against it is overwhelming. The fire in the Asch Building, on Washington Place, in which 147 girls lost their lives, was said to have been caused by the afterglow of a phosphorus match dropped into a heap of waste in a shirtwaist factory. Insurance records show that phosphorus matches cause over \$36,000,000 fire loss yearly in the United States, besides poisoning to death 1,000 children, who suck the heads. Phosphorus matches are also highly poisonous to the employees who make them.

All that can be said for the phosphorus match is that it can be made 5 per cent cheaper than the safer kinds, and that the Match Trust is still turning it out in huge quantities.

Safe, nonpoisonous matches, with stems impregnated to prevent afterglow, are, as everybody knows, now sold by billions in this and every other civilized country. The white sulphur match is as dangerous and out of date as the tallow dip. There is no possible excuse for retaining it. Let the aldermen make certain that the city is finally and definitely rid of it.

[New York Times, Nov. 10, 1912.]

NEW FIGHT AGAINST POISONOUS MATCHES—CITY ORDINANCE PROHIBITING SALE AFTER JANUARY 1, 1913, TO BE CONTESTED BY MANUFACTURERS—WOULD GO BY FEDERAL LAW—WHICH SETS JANUARY 1, 1915, AS END OF PHOSPHORUS AND "AFTERGLOW" MATCH SALE IN THIS COUNTRY.

The long fight against the use of phosphorus and "afterglow" matches here was supposed to have been won when an ordinance was passed by the municipal explosives commission forbidding the use of these matches in this city from the 1st of January next. But those who worked so hard to get the ordinance are now fighting just as hard to prevent the manufacturers, the so-called Match Trust, from putting into effect some plan that would permit them to continue the sale of these matches for another two years. The Federation of Women's Clubs, the Housewives' League, and the committee of safety have been stirred by rumors that the Match Trust is trying to submerge the ordinance in the Federal law which makes it unlawful to sell dangerous matches anywhere in the country from January 1, 1915.

It is to prevent this additional two years of life to the dangerous match that the various clubs and leagues are fighting. Next Tuesday the executive board of the committee of safety will meet to decide what part the committee ought to take in the matter. Among the members of this board are: Henry Morgenthau, Gifford Pinchot, Henry Maskowitz, Henry L. Stimson, Miss Anne Morgan, and Miss Mary Dreier. This meeting will be held at the office of the committee, 165 Broadway. It was said yesterday that the majority of the committee was strongly opposed to any attempt to postpone the ordinance that takes effect on New Year's day.

The fight to prevent the distribution of dangerous matches in this city was hotly waged for 18 months. During all this time there were public hearings and discussions. Every step of the way was doggedly opposed by representatives of the Match Trust. The manufacturers said it would cost them 7 per cent more to manufacture matches without phosphorus and 10 per cent more to impregnate the stick so there would be no afterglow. Some of the manufacturers declared that they could not make impregnated matches.

The Esch-Hughes bill prohibits the manufacture of phosphorus matches after July 1, 1913, and gives the manufacturers 18 months after that date to get rid of their phosphorus stock. The thing that appealed to the Federal Government and resulted in the passage of the law was the fact that a disease known as "phossy jaw" afflicts those who work in phosphorus-match factories, and the fact that about 1,000 children are killed every year by sucking the ends of phosphorus-tipped matches. But the city ordinance was passed mainly as a fire-preventive measure.

Mrs. Julian Heath, of the Housewives' League, said that the only poison that was permitted to enter the home without a label was the phosphorus match. Persons have been known to commit suicide by sucking the ends of phosphorus matches. The fire side of the story is even worse than the disease-breeding and life-taking side. It is estimated by insurance experts that defective matches destroy every year in this country \$36,000,000 worth of property. Many lives are lost in these fires.

It is said that the so-called safety match is very dangerous unless the stems are impregnated. These matches have an after glow that sometimes lives a long time, and is particularly dangerous as a fire breeder.

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The city charter gives the board of aldermen power to amend or to repeal ordinances passed by the explosives commission. That the manufacturers of the dangerous matches intend to appeal to the aldermen to repeal the ordinance or to defer its effect for two years, was said yesterday to be certain. The manufacturers hope for success in the attempt, but in the meantime they are unloading upon local dealers, it was said, loads of phosphorus matches at cut rates.

[New York World, Nov. 10, 1912.]

FEAR TRUST PLOT TO HELP SALE OF UNSAFE MATCHES—RUMORS THAT ALDERMEN WILL LAY ASIDE NEW ORDINANCE STIR OPPONENTS OF MANUFACTURERS TO ACTION—LAW SHOULD GO IN EFFECT ON FIRST OF NEXT YEAR—WOMEN LEADERS IN FIGHT TO PREVENT GREAT LOSSES HEAR IT MAY BE POSTPONED.

Several secret conferences between the match manufacturing interests were held in this city last week, and at the last one it was reported that certain aldermen had sent certain assurances. These assurances, according to the rumor, were to the effect that the board of aldermen was disposed to postpone, for at least six months, the going into effect of the ordinance against unsafe matches, unless the public outcry became too great to be ignored.

In consequence of these various rumors the friends of the reform measure, headed by the Federation of Women's Clubs, are preparing to make strong protest to the board of aldermen; and they are watchful lest there be a plot to slip a postponement ordinance through the board without a public hearing. It is admitted at fire department headquarters, according to the opponents of unsafe matches, that strong pressure is being brought to bear there by the matchmakers to stave off the proposed safety measures of the municipal explosives commission.

The measure in question, adopted by the commission after 18 months of public discussion and hearings, provides that on and after January 1, 1913, there shall not be made, sold, stored, or transported in Greater New York any white phosphorus matches; and the ordinance provides also that all matches in Greater New York must have stems that have been so treated as to prevent any afterglow after the flame dies.

RESULT OF TRIANGLE FIRE.

The ordinance was the direct growth of the Asch Building fire on Waverley Place, where 147 shirt-waist operatives, mostly girls, in the Triangle Waist Co.'s factory, lost their lives. It was testified at the coroner's inquest that the fire was caused by a match that had been thrown, still glowing, into a heap of waste cotton-goods materials.

A further contributing motive for the ordinance was the Equitable Life Building fire on January 9. Six lives were lost, and the loss in property, including the building, was estimated to exceed \$5,000,000. The Equitable fire was caused by a thrown-away match, according to evidence gathered by F. J. T. Stewart, superintendent of the bureau of surveys of the New York Board of Fire Underwriters, who made a special investigation.

Aside from the two fires specially mentioned there were a number of general reasons of national importance on which the ordinance is based.

Every year more than 1,000 children in this country are poisoned to death through sucking the heads of phosphorus matches.

GREAT FIRE LOSSES CAUSED BY USE OF UNSAFE MATCHES.

The fire that destroyed the Equitable Building in this city on January 9, 1912, was caused, it is alleged, by a match. This conclusion was reached after a month's study of the disaster by F. J. T. Stewart, superintendent of the bureau of survey of the board of fire underwriters. In his report to the fire underwriters he said:

"The timekeeper of the Café Savarin arrived at the building about 5 a. m. the day of the fire and went immediately to his office, a small frame inclosure in the receiving room, located in the basement of No. 12 Pine Street.

"He lighted the gas in his office and threw away the match. At about 5.18 a. m. another employee discovered the fire in the timekeeper's office. The waste paper basket, chair, and desk were burning briskly."

That was the start of a fire that caused over \$5,000,000 in property loss, including the building itself, and that brought the financial operations of New York City and

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practically the whole country to a standstill for several days, closing the Stock Exchange and imperiling \$10,000,000 in securities and other valuables in safes and deposit vaults.

The Asch Building fire in this city, where 147 Triangle shirtwaist operatives were killed, was caused by a lighted match dropped into waste materials.

The match men are now said to be secretly plotting to get the board of aldermen to shove aside the proposed ordinance to abolish white-sulphur-tipped and nonimpregnated matches, which ignite too easily, are poisonous, and which glow after they are blown out.

Many employees in match factories are terribly poisoned and disfigured by handling the phosphorus. A disease known as "phossy jaw" is one of the outcomes of constant handling of the sulphur.

Phosphorus matches cause every year more than \$36,000,000 of loss in fires in the United States. This comes about by carelessly disposing of lighted matches, in most cases the stems being in a glowing state because they have not been impregnated with any fireproofing chemical. In New York City alone last year there were 1,391 fires due to matches, involving a total loss of over \$278,000.

The following is the last paragraph of chapter 899 of the Laws of 1911, amending the Greater New York charter in relation to the better prevention of fires, and is known as section 778C of the Greater New York charter:

"The municipal explosives commission, as constituted at the date when this act shall take effect, is continued, and its members shall hold office during the pleasure of the mayor. All regulations of such commission approved by the fire commissioner, except such as relate exclusively to its organization or to the duties and discipline of its officers and employees, shall constitute a chapter of the code of ordinances of the city and shall be subject to amendment or repeal by the board of aldermen."

ALDERMEN CAN CHANGE IT.

So that, though the ordinance against phosphorous and nonimpregnated matches, adopted on January 3, 1912, by the municipal explosives commission, is scheduled to take effect on January 1, 1913, it can be wiped out entirely or postponed to any date by amendatory or repealing action by the board of aldermen.

The ordinance has been fought both openly and secretly by match manufacturers. They are fighting it secretly now, it is charged. The chief manufacturer is the Diamond Match Co., often called the Match Trust, which before the Sherman antitrust law was applied to its activities controlled, so it was affirmed by the United States Department of Justice, between 80 and 90 per cent of the match business of the country. Since then competition, some of it from abroad, has come in, until the so-called Match Trust is said to control at present only 50 to 60 per cent of the American industry. But many of the independents, it is said, are now as eager as anybody else to stave off the safe-match regulations.

Recently, before the discovery of the plot to shove aside the measure, the following announcement was made by the Federation of Women's Clubs:

"In a little over 60 days New York will at last be supplied with matches fit for use in a civilized community. On January 1 the new law goes into effect, which prohibits the use of deadly white phosphorus in matches and which prevents the sale of matches in this city which have not been treated to a chemical process to prevent them from glowing after the flame is extinguished.

"It is believed that many lives will be saved by the nonpoisonous feature of the new law, and that millions of dollars' worth of property will be preserved from the flames by its no after-glow clause. When the ordinary match is blown out, a coal remains, which is the cause of numberless fires, but with a properly treated splint, such as called for by the new law, this danger is removed."

Only a strong show of public sentiment, it is stated by the women, can make the success of the ordinance assured, by scaring some of the aldermen into a realization of the necessity for the reform.

The United States Government has considered so far only the public health aspect of the match problem and has adopted in Congress a law abolishing the manufacture of poisonous phosphorus matches on and after July 1, 1913, and forbidding their sale or use on and after January 1, 1915. This is to give the match makers and sellers ample time to dispose of their accumulated stocks. New York City has gone further and has taken the lead of the country by adding the fire-prevention clause in regard to impregnating match stems so that they will not glow when the flame goes out.

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WHAT MATCH MEN ARGUE.

The argument of the match men is that they ought to have at least until July 1, 1913, to get rid of their stocks. The argument of the women and the property owners is that the match men have had due notice since January 3, 1911, to get ready for the new order of things. Furthermore, they say there are plenty of other places besides New York—all the rest of the country, in fact—where the dangerous phosphorus and glow sticks can be sold under the terms of the United States law.

The match men argue that it will cost them an awful lot of money to change their machinery so as to make safety matches. The answer of the women and property owners is that the match men are only bluffing, inasmuch as they are now making and have been making for many months, nonphosphorus and also nonglow matches, not only in competition among themselves, but also in competition with the foreign makers in Sweden, Norway, Denmark, Great Britain, Belgium, Russia, France, Spain, and Italy.

The European nations have practically all put a stop to the manufacture or sale of white sulphorus matches, and in almost every country except America no matches can be made or sold unless they are licensed as conforming to public health and fire-prevention laws.

It is charged that the match manufacturers have kept right on making their dangerous brands and recently began to concentrate their sales in New York City by offering special cut rates to grocers and other retailers, most of whom were in ignorance of the impending law. The purpose of the manufacturers in loading up the more or less unsuspecting New York retailers was, it is said, to force the retailers to side with them when it came to asking the alderman to shove aside the match ordinance.

[New York World, Nov. 11, 1912.]

MORE LIFE FOR THE DEADLY MATCH?

There has been question of the power of the Federal Government to prohibit the manufacture and sale of phosphorus matches. There has never been any question of the power of the States, or of localities thereunder, to force the prohibition either as a health or fire preventive measure.

It is as a health measure that we have the Federal law. It is as a fire-preventive measure that we have in this city an ordinance of the explosives commission which prohibits the sale of phosphorus and afterglow safety matches beyond January 1 next, or two years in advance of the Federal prohibition.

The Match Trust is to fight this ordinance. It obviously has no case in law, but the board of aldermen has the power to amend or repeal an order of the explosives commission, and to this board the Match Trust will appeal.

How much sympathy can be won from the aldermen for an extended manufacture which causes the loathsome disease of "phossy jaw"? Or for an extended distribution of an unlabeled poison which gets into the mouths of children and kills many of them? Or for an extended sale of a prolific cause of fires? The manufacturers of these matches have had ample warning and are without excuse if they have stocks on hand which require many months more to work off.

[New York Evening Post, Nov. 12, 1912.]

FIRE-PREVENTION RULES—COMMITTEE ON SAFETY ISSUES HOUSE AND FACTORY CODES—VOLUNTEER CIVIC BODY HAS PREPARED SERIES OF SUGGESTIONS FOR HOUSEKEEPERS AND WORKMEN AND WILL SUPPLY COPIES ON CARDBOARD TO ALL WHO ASK FOR THEM—THE RULES.

By way of assisting toward the prevention of fires, the committee on safety of the city of New York, which describes itself as "a voluntary organization of citizens," has issued a leaflet which contains safety codes for the home and for factories and workrooms. It is explained by the committee that their action is taken because the fire-prevention bureau, which has power to make and enforce such a comprehensive code, has failed to publish any similar set of suggestions. On the other hand, Joseph Johnson, fire commissioner, calls attention to the fact that in October, 1911, he had printed and distributed 50,000 copies of a pamphlet of "fire don'ts," especially designed for the use of householders.

The leaflet sets forth that the committee on safety is organized primarily to protect human life from the fire hazard in the city of New York, and that it is conducting a

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"campaign of public education, one part of which is to call attention of the public to the seemingly unimportant trifles which are the actual causes of the majority of fires."

Attention is called to the fact that fire destroys one human life and \$37,000 worth of property a day in New York City, and it is pointed out that experts testified before the New York State Factory Investigation Commission, in September, 1912, that about 65 per cent of our fires were of the easily preventable type.

COPIES WILL BE SUPPLIED.

The committee offers to send to any who ask for them, a cardboard copy of either or both of the codes outlined below. These can be hung on the wall of home, factory, or store, for the information of family, servants, fellow workers, and employees.

Here are the suggestions addressed to housekeepers in the Safety Code for the Home:

Blow out matches before throwing them away.

Keep rubbish cleared out.

Keep fire escapes free from every obstruction.

Do not use benzine, naphtha, gasoline, or any inflammable fluids in the house.

Guard gas jets from contact with window curtains.

Do not leave lamps turned low. It may cause an explosion.

Do not put oil in a lamp while it is lighted. Fill and clean lamps only in daytime.

The safety code for factories and workrooms is as follows:

1. Forbid smoking in the workrooms.

2. Blow out matches before throwing them away.

3. Clear out rubbish and clipping, every day from workrooms, hallways, and basements. Metal cans or metal-lined boxes are required by law to hold such rubbish during working hours.

4. Do not keep benzine, naphtha, gasoline, alcohol, turpentine, paint, or varnish, except in safety cans, as required by law.

5. Get a license from the fire department before storing these inflammable fluids on your premises.

6. Keep gas jets guarded by wire cage, so that materials may not touch the flame.

7. Keep motors and gas engines boxed and inclosed in fireproof partitions.

Here are still further suggestions designed to save human life and to protect property and stock in case of fire:

No building is safe unless every occupant can get out within three minutes. Your fire drills now will save time and panic if danger comes.

1. Organize a fire drill among the workmen and women.

To new workmen and women: Find out where the stairs and fire escapes are in this building.

2. Keep all fire appliances—fire buckets, extinguishers, axes, etc.—in good order and always in their places.

3. Keep passages clear to all exits, doors, stairs, and fire escapes. Keep all doors leading to exits unlocked.

4. Keep halls and stairways lighted while workers are in the building. Have signs showing the way to stairs and exits.

5. Keep fire escapes free from every obstruction.

6. Do not allow machinery or merchandise to block the aisles.

The officers of the committee responsible for the leaflet are John A. Kingsbury, secretary; Albert James Sheldon, treasurer; Frances Perkins, executive secretary. The executive committee consists of Peter J. Brady, Joseph P. Cotton, jr., Miss Mary E. Dreer, Miss Anne Morgan, Daniel Harris, Henry Morgenthau, Henry Moskowitz, Gifford Pinchot, and Henry L. Stimson.

[New York Tribune, Nov. 15, 1912.]

SMALL DEALERS, IF ANY, IN MATCH LAW HOLD-UP—SO-CALLED TRUST NOT TRYING TO HAVE ORDINANCE POSTPONED, ITS PRESIDENT SAYS—WOMEN ALERT IN WARFARE—SEEKING EXPERT OPINION, EXPLAINS MISS PERKINS—MISS WALD ALARMED AT PERIL OF POISON.

Edward R. Stettinius, president of the Diamond Match Co., which controls the bulk of the output in New York City, told a Tribune reporter yesterday that he knew nothing about the rumored attempt of the Diamond interests here to postpone for at least six months the putting into effect of the city ordinance against the unsafe white

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phosphorus matches or the "after-glow" matches. Mr. Stettinius acknowledged that he had read all about the reported political pressure that was about to be brought on the board of aldermen, but he said his company wasn't in the drive.

"Are not some of the smaller companies that are subsidiaries to the Diamond Co. concerned in the movement?" he was asked.

"We have no subsidiary concerns," he replied. "We have not been 'busted' by the Department of Justice, like the Standard Oil and American Tobacco, and the department has never applied the Sherman law to our activities."

Mr. Stettinius said he knew of some small competitors who might possibly undertake the amendment or repeal of the ordinance that prohibited the sale of poisonous matches after January 1, 1913. He declined to mention names, but he volunteered to explain why he thought the small manufacturers would do a thing like that.

"If the white phosphorus match were to be condemned to-day the Diamond Match Co. would be able to acquire its supply of the nonpoisonous substitute. The small concerns would be unable to get their supply. So to fortify themselves to compete they seek the postponement," he said.

WOMEN ACTIVE IN CAUSE.

The Federation of Women's Clubs, the Housewives' League, the Henry Street Settlement Workers, and the committee on safety, which worked so hard to bring about the enactment of the strict ordinance recommended by the municipal explosives commission, are preparing to fight the amendment or repeal of the regulation. As the safety committee held its monthly meeting only a few hours before the rumor of the secret conference of the match manufacturers began to circulate, no action was consequently taken. A subcommittee, however, had been appointed to determine, if possible, what a safe match really was. This led to some misunderstanding on the part of certain persons who got the idea that the committee was dodging the issue or hedging on it.

Miss Frances Perkins, superintendent of the committee, resented the possibility that its attitude was misunderstood.

"We are trying," she said to a Tribune reporter, "to find out exactly whether the present ordinance is a fire preventive measure. The question at present seems to be, 'What is a safety match?' Expert chemists have given their opinions pro and con on the subject. True, the most of the experts who have volunteered testimony to the committee have been employed by the match concerns.

"What we want to get at is the opinion of experts on the other side, and that's what we want to do before we take action. It may be that other experts could show us that the present ordinance is not sufficiently fire preventive. The committee of safety is always bent on the ultimate object of getting laws passed which contain the most efficient restrictions. So far the committee has been unable to get any definite knowledge that the match companies are really trying to defeat the work of the municipal explosives commission, and until we can find out where we are at we have nothing to say.

"If any move is made to defeat the ordinance we will be informed by our watchdogs, and we shall be prepared to fight it."

FEARS ANY STEP BACKWARD.

One of the most intrepid opponents of the rumored change is Miss Lillian Wald, of the Henry Street settlement. She said that social workers and all those concerned in the safety of the people of New York considered that the attempt to undo the work of the societies that fought so hard to bring about the adoption of the match ordinance was a "hideous step backward."

"It looks," she said last night, "as though the municipal explosives commission had shifted the responsibility upon the board of aldermen in putting into the regulation the clause which puts it up to the aldermen to repeal or amend the sections. The people ought to make the aldermen understand that they are not to be concerned with the commercial advantages of a match trust or with any small dealers throughout the city, but that they are concerned with the health and safety of the men, women, and children who use these terrible, poisonous matches.

"The social workers everywhere," she continued, "can demonstrate to the aldermen the dangers arising from these matches. Tenement house fires are caused by them every day. It does seem as though political pressure was being brought to bear upon the municipal explosives commission and the board of aldermen by these big

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match makers. What does it matter if the little dealers are stocked up with quantities of matches sold at reduced prices? We ought not to hesitate to proceed against them just as readily as we would proceed against the match trust."

Mr. Stettinius said yesterday that he knew nothing about the reported sale of matches to small retailers at reduced prices in order that the selfish interests of these dealers might be secured to favor the postponement of the regulation against white phosphorus matches. He said the Diamond Co. had not broken its uniform prices here or elsewhere.

Speaking of the desirability of modifying the regulations in some respects, he mentioned section 269, which requires that the manufacturers shall place the "serial number" on each box of matches sold in New York.

"If each large city should make a similar enactment, it would require a box as big as a house to bear all the serial numbers," he said.

[New York Tribune, Nov. 26, 1912.]

SAY MATCHES KILL THREE BABIES A DAY—WOMEN POINT TO STATISTICS IN FIGHT ON LUCIFERS THAT POISON—ONE'S GRIEF NEAR HOME—MISS WALD'S LOSS HAS STIRRED HER TO WORK IN SAVING OTHER CHILDREN FROM "PITTY CAN'Y."

"Pitty, pitty. Can'y."

Baby's bright eyes spied the little pink objects on the table. She left dolly sprawling by the window and toddled over to the "can'y," which some careless person had left within reach of the short arms. Nurse had left the room for just a moment. When she returned the darling of the family was in convulsions and in a short time she was dead, for the pretty pink "can'y" had been matches—poisonous, white phosphorous matches.

This is the reason why Miss Lillian D. Wald, of the Henry Street Settlement, has been working all summer in support of the law to keep these matches out of New York City. The baby who died was one dear to her, and with that terrible lesson in her heart she has used her influence to save other little children from a similar fate.

"It is such a common occurrence," she said yesterday. "Any one is likely to leave a child alone in a room where matches are within reach. Any child who is so little as not to know better is likely to want to eat the little pink heads. Children want to eat anything. I don't know just how much of the phosphorous poison is necessary to kill a child, but I have heard that two matches are enough. We never knew how many matches were sucked by the little child I told you of. It could not have been many.

AFRAID "TRUST" WILL WIN.

"That is why I have done what I could to secure the passage of that ordinance. Yes; I have heard that the Match Trust is making efforts to have it repealed. I am afraid they will, though, of course, we are watching them all the time."

The social worker spoke of other cases of children being poisoned by matches which came within the range of her own personal experience.

The danger in these white phosphorus matches is that in addition to being pink, and therefore attractive to the child eye, they have a slightly sweet taste, so that a young child who tries one likes it and reaches for the next. It is said that there is absolutely no cure for phosphorus poison. Another element, it is pointed out, which adds to the danger is that these matches are not labeled. No other poison is so common, and all other poisons which are sold into homes are required by law to be marked plainly, it is explained.

It is said that there is considerable danger even to grown-ups, who do not eat match heads in the tiny particles thrown off by the matches. If they are left in the kitchen or in a closet near any receptive food, such as butter or cream, these poisonous particles lodge in the food. Many cases of ptomaine poisoning have been traced to this cause. The only sure way to keep matches is in an airtight box for the volatile particles penetrate common wooden or paper boxes.

There is another danger to be guarded against—fire. The housewife who keeps her matches in a tin box to secure them against nibbling mice also prevents them from igniting food.

THREE VICTIMS EVERY DAY.

According to Mrs. Eva McDonald Valesh, editor of The American Clubwoman, who has been prominent in the match fight with Miss Wald, 1,000 children every year, or 3 every day, die from phosphorus poison. The figures, she said, were the

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result of investigation by the Government Department of Commerce and Labor. Her crusade against the poison match began 15 years ago, when she heard of the work in Europe along those lines. It was the horrible conditions among workers in the factories where these matches were made—the fact that three-fourths of the women and children employed in these factories suffered from the loathsome disease known as “phossy jaw”—which first led to the investigations in the course of which it was discovered that these matches were dangerous likewise to children.

The fact that their manufacture had been prohibited in Europe for 15 years, Mrs. Valesh said, was significant in view of the tolerant attitude of the American public toward them. The manufacturers, she said, were just as able to make the nonpoisonous kind, only they had not enough of the new machinery to make their whole output of this kind. The fight against the new law was simply a fight against the expense of new machinery, she declared.

“We don’t want to put the matchmakers out of business,” she added. “It costs no more to make safe matches when once the machinery is installed.”

[New York Tribune Dec 19, 1912]

LET NEW MATCH LAW STAND, WOMEN URGE—RESOLUTIONS ADOPTED AT MASS MEETING REQUESTING STRICT ENFORCEMENT—MANUFACTURERS HAVE SAY—SOME TO YIELD, OTHERS WILL FIGHT—CROKER GIVES A DEMONSTRATION OF UNSAFE BRANDS.

Well-known match manufacturers went to Labor Temple, Second Avenue and Fourteenth Street, yesterday afternoon to look out for their interests at the women’s mass meeting called to protest against any change in the new match ordinance as drafted by the municipal explosives commission. Former Fire Chief Croker stood on the platform and ignited various kinds of matches which he denounced as unsafe without giving their trade names. The women applauded him loudly when he said he was in favor of safety matches, regardless of what firm made them. Resolutions of protest were unanimously carried—the match manufacturers not voting.

The match men, however, got a chance to tell the women where they stood as regards the new law, and they spoke in such large numbers and in such rapid succession that the chairman, the Rev. Dr. John Haynes Holmes, the pastor of the Church of the Messiah, Park Avenue and Thirty-fourth Street, said he didn’t know there were so many matchmakers on earth. From Waldo P. Adams, who represented the Salvation Match Co., to W. F. Fairburn, general superintendent of the Diamond Match Co., they were inclined to tell trade secrets about one another, and it kept Dr. Holmes busy asking them to stick to the subject.

Finally Mrs. Eva McDonald Valesh, editor of the American Clubwoman, who was one of the speakers, asked Mr. Fairburn point blank whether the Diamond Match Co. intended trying to get the board of aldermen to change the match regulation in any way.

“Madam,” replied Mr. Fairburn, “it has never been our idea to oppose the explosives commission. We were only recently informed, however, that the ordinance would not be modified, but if the commission deems it unwise to change it we consider that any change is impossible.”

ONE READY TO COMPLY WITH LAW.

“May I ask Mr. Fairburn whether he favors the ‘impregnated’ splint?” Mrs. Valesh asked of Dr. Holmes, who, in order to keep the discussion germane, had announced that he would rule on all queries which the meeting might put up to the matchmakers.

“As to that,” Mr. Fairburn said, “all I care to say is that, although we opposed the adoption of the impregnated match at the hearing before the commission in May last, we are now ready to comply with the law and supply the trade with these matches on and after January 1, 1913.”

The resolutions adopted call for the appointment of a committee of 21, with Dr. Holmes and Lester F. Scott, of the People’s Institute (who acted as secretary of the meeting) as members, to protest to the aldermen against any “alteration, extension, or change in the present ordinance, and to request Mayor Gaynor, the fire commission, and the board of aldermen to make a strict enforcement of the law.” They were presented by Dr. Henry Moskowitz, of the Downtown Ethical Culture Society.

Mrs. Robert F. Cartwright, of the safety committee of the Federation of Women’s Clubs, offered resolutions appealing to the fire commission and to the health department to appoint women as deputy inspectors to see that the match ordinance was

PARAGRAPH 436—MATCHES.

enforced. "If such appointments are not constitutional," the resolutions set forth, "we favor the enactment of special legislation to make them legal." The resolutions were seconded by Mrs. William Grant Brown, president of the federation, and adopted unanimously, the match manufacturers again being without a vote.

YEAR'S FIRE LOSS HERE \$86,000.

Ex-Chief Croker said that 526 fires were caused in New York City during the year 1911 from the careless use of matches in the hands of children and others, causing a loss of about \$86,000. Mr. Fairburn said there were 15,000 small match dealers in the city, and he thought they ought to have a little time in which to exchange their stock of old matches for the new. He denied that the Diamond Co. had tried to "unload" goods on the New York trade.

Ray S. Gilbert, an attorney representing the Fred Fear Co., of Philadelphia, declared that his client would lose \$25,000 worth of old-style machinery in his local plant if the ordinance went into effect before July 1, 1913. "I serve notice on this meeting," he said, "that we shall fight this law fairly and fearlessly."

W. B. Hutchinson, president of the Salvation Match Co., said he was the only match man who favored the ordinance at the hearings last summer, because his concern, he said, was prepared to furnish the nonpoisonous, "impregnated" match.

"We make no excuses. It is good business for us," he said. "And I am glad to hear Mr. Fairburn, of the Diamond Co., state in a manly way that his company will comply with the law. He supplies 90 per cent of the New York trade. We get some of it, of course. This is a good law, and there is no reason why every manufacturer should not regard it as good business to comply with it."

Other speakers were the Rev. J. C. Day, superintendent of the Labor Temple; P. S. Brady, of the Central Union Labor Council; E. Everhardt, of the Ohio Match Co.; and Miss Maude Wilson, a Socialist nurse, who described the fearful nature of the disease known as "phossy jaw," which attacks the makers of white phosphorus matches.

RESOLUTIONS ADOPTED DECEMBER 18, 1912, AT THE LABOR TEMPLE, NEW YORK CITY, BY A MEETING OF VARIOUS SOCIETIES.

Whereas the municipal explosives commission of the city of New York adopted on January 3, 1912, certain rules and regulations pertaining to the storage, transportation, or sale of matches within the city of New York, which rules and regulations constitute a chapter of the code of ordinances of this city as authorized in chapter 899 of the Laws of 1911 of the city of New York, amending the Greater New York charter in relation to the better prevention of fires; and

Whereas the said rules and regulations as adopted are to go into effect January 1, 1913, and provide that it shall be unlawful for any person to store, transport, or sell within the city of New York any matches that do not comply with the rules and regulations of the ordinance; and

Whereas, as set forth in the statement appended hereto and made a part hereof that, as stated by George O. Eaton, of the municipal explosives commission, tremendous pressure has been brought upon the commission to repeal the said ordinance or make it ineffective; and

Whereas it is the belief of those present that, inasmuch as the board of aldermen of this city alone have the power to amend or repeal the said ordinance: Be it therefore

Resolved, That a committee of 21 to represent those present at this meeting be appointed, of which committee the chairman of this meeting shall be the chairman and the secretary of this meeting shall be the secretary and the other members of which committee shall be named and designated by said chairman; and

Be it further resolved, That this committee shall, at its discretion, make such protests and requests to the properly constituted authorities of the city, county, and State, particularly the board of aldermen, to the effect that no alteration, extension, or change be made in the law as it now stands, and to request the mayor, fire commissioner, and municipal explosives commission and the fire prevention bureau to strictly enforce the observance of said ordinance; and

Be it further resolved, That said committee request the board of health to strictly enforce section 66 of the sanitary code, as applying to poisonous phosphorus matches; and

Be it further resolved, That as individuals who are members of societies, we shall seek to enlist the earnest cooperation of said societies with the committee to be appointed under this resolution.

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At a meeting at the Warren Goodard House, 246 East Thirty-fourth Street, November 29, the purpose of the meeting being to start an organized agitation against the amendment or repeal of the new match law of New York City, which is to go into effect January 1, 1913, there were present representatives of the Association of Neighborhood Workers, the New York City Federation of Woman's Clubs, the Federation of Churches of New York City, the League of Mothers' Clubs, Chelsea Neighborhood Association, and the Local Needs Association.

Gen. George O. Eaton, of the municipal explosives commission, at the invitation of the woman's clubs, was present, representing Joseph Johnson, fire commissioner.

Gen. Eaton stated that tremendous pressure had been brought to bear upon the commission to repeal the ordinance or make it ineffective. Nevertheless, speaking on behalf of the fire commissioner and for himself, he stated that, so far as sections Nos. 258 and 272 were concerned, the commission were opposed to any change. However, it was the purpose of the commission to submit to the board of aldermen of this city a request that amendments be made to the law in other respects.

Furthermore, Gen. Eaton called attention to the peculiar situation that, where the commission could formulate the law themselves, they could not alter it, as, under authority granted them by a special act of the legislature, only the aldermen have the power to amend or repeal.

It is generally believed by all those who have probed into this matter that the "tremendous pressure" referred to by Gen. Eaton is being brought by the match manufacturers of this country who are seeking to avoid compliance with the new law, the enforcement of which is of vital importance to all the people of this city, who must cooperate in the enforcement of this and other laws and ordinances.

Indirectly, having a bearing on the new match law, section 66 of the sanitary code of the board of health, prohibiting the sale of poisons without being properly labeled, if enforced as regards poisonous phosphorus matches, would make effective section No. 258 of the match law.

A special committee was appointed to seek the cooperation of all organizations, societies, and the press of New York in making a protest to the properly constituted authorities of the city, including the mayor, the board of aldermen, fire commissioner, and the municipal explosives commission, against any emasculation or alteration of the law as it now stands, the special committee to take such procedure as will bring about a strict enforcement of section 66 of the sanitary code.

The influence that is at work seeking to nullify the law will doubtless concentrate their attention upon the board of aldermen.—NEW YORK, December 10, 1913.

Second resolution adopted December 18, 1912, at Labor Temple, New York City, at a mass meeting, called for the purpose of upholding the New York City match law:

Whereas it is the moral duty of all citizens to cooperate in the observance and enforcement of the laws and ordinances of the city, county, and State; and

Whereas much of the laxity in the observance and enforcement of such laws is due to the carelessness if not to the indifference of citizens; and

Whereas particularly the laws of the department of health and the fire-prevention bureau are of great and vital importance to us all; and

Whereas these departments are said to be taxed to the utmost with appropriations at their command in providing sufficient inspectors to perform the services required of them; and

Whereas it is believed that the volunteer services of many citizens, particularly the women, of the city of New York can be enlisted to cooperate in the enforcement of law if they are given the necessary authority: Be it hereby

Resolved, That the special committee for action to be appointed at this meeting shall ascertain if under the present laws governing the city of New York it is not possible to secure the appointment of women to the office of deputy assistant to the fire commissioner and deputy assistant to the commissioner of health, with services to be paid for by the city, which officers shall have the jurisdictional power to enlist and appoint deputy inspectors to serve without pay, whose powers and duties shall be assigned to them. These volunteer officers to be appointed ad libitum for each district as may be assigned.

Be it further resolved, That if it shall be found that under the present laws appointments of women as deputy commissioners can not be made, that as individual members of societies we shall seek to enlist the cooperation of said societies in an agitation and movement to secure from the State legislature the enactment of such legislation as will make such appointments legally possible.

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[New York Call, Dec. 19, 1912.]

INDIGNATION MEETING BRINGS OUT "BOSSSES"—PUBLIC WILL NOT TOLERATE MEDDLING WITH NEW MATCH LAW.

A public protest meeting was held yesterday afternoon in the Fourteenth Street Labor Temple against any pressure being brought to bear upon the board of aldermen to nullify the action of the city ordinance against the sale of dangerous matches. This new law goes into effect on January 1, and precedes the Federal act by six months.

Representatives of many public reform organizations were present, as were also numerous henchmen of the great match concerns, who hastened to explain their position on the much-debated question. Resolutions were adopted providing for the appointment of a committee to protest against any changes in the law.

The principal features of the new match law from the standpoint of the consumer are the following:

On and after the 1st day of January, 1913, it shall be unlawful for any person to manufacture, transport, store, or sell within the city of New York, any matches in the manufacture of which white phosphorus enters as an ingredient.

Manufacturers and retailers of matches must obtain a permit from the fire department. No certificate of approval shall be issued for a match the stick of which has not been treated to a process of impregnation for the purpose of preventing an afterglow.

It shall be unlawful for any person to store, transport, or sell within the city of New York any matches unless the box or container in which they are packed bears plainly marked on the outside thereof the name of the manufacturer, the number of the certificate of approval, and the words "Approved match, No. —."

A person who violates any of the provisions of this article is guilty of a misdemeanor.

Among the speakers were Mrs. William Grant Brown, president of the New York City Federation of Women's Clubs; Peter J. Brady, secretary of the Central Union Label Council of Greater New York; ex-Chief Croker, of the fire department; Dr. Henry Moscovitz, of the committee of safety of New York City; and Mrs. Eva McDonald Valesh. Dr. John Haynes Holmes of the Church of the Messiah presided.

Ex-Chief Croker said that fusee matches and card matches are dangerous. The fire department reports for 1911 showed that in New York City 359 fires were started by the carelessness of match users, and 167 fires were set by children playing with matches, the loss from these fires aggregating \$86,000.

Representatives of several match companies, the Diamond Match Co., and the Fred Fear Match Co., of Pennsylvania, said that all they wanted was time to recall from 15,000 retail dealers in New York City the stock of phosphorus matches now on hand and time to supply the dealers with the nonphosphorus match.

W. F. Fairburn, general superintendent of the Diamond Match Co., pleaded that the company had not time to put a new stock of nonpoisonous matches on the market and recall the present stock.

Ray Gilbert, representing the Fred Fear Match Co., of Philadelphia, said that the reason that they didn't want to have an impregnated match was because of the cost of manufacturing such a match in what he called a semicontinuous machine.

President Hutchins of the Salvation Match Co., which now manufactures exclusively matches that come within the requirements of the new ordinance, said that his company regarded the law as a good one.

SUGGESTED ORDINANCE REGULATING THE MANUFACTURE, STORAGE, SALE, AND DISTRIBUTION OF MATCHES ADOPTED BY THE NATIONAL BOARD OF FIRE UNDERWRITERS, 135 WILLIAM STREET, NEW YORK, AND THE NATIONAL FIRE PROTECTION ASSOCIATION, 87 MILK STREET, BOSTON, MASS.

Be it ordained by the ——— of the city of ———:

SECTION 1. It shall be unlawful for any person, association, or corporation, to manufacture, store, offer for sale, sell, or otherwise dispose of, or distribute white phosphorus, single-dipped, strike-anywhere matches of the type popularly known as "parlor matches;" nor manufacture, store, sell, offer for sale, or otherwise dispose of, or distribute, white phosphorus, double-dipped, strike-anywhere matches, or any other type of double-dipped matches, unless the bulb or first dip of such match is composed of a so-called safety or inert composition, nonignitable on an abrasive surface; nor manufacture, store, sell, offer for sale, or otherwise dispose of, or distribute matches, which, when packed in a carton of 500 approximate capacity and placed in an oven maintained at a constant temperature of 200° F., will ignite in 8 hours; nor manufacture, store, offer for sale, sell, or otherwise dispose of, or distribute,

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Blazer, or so-called wind matches, whether of the so-called safety or strike-anywhere type.

SEC. 2. No person, firm, or corporation shall sell or otherwise distribute for use, any matches, unless the box or container in which such matches are packed bears plainly marked on the outside thereof, the name of the manufacturer and the brand or trade-mark under which such matches are sold or distributed.

SEC. 3. Not more than one case of each brand of matches of any type or manufacture shall be open at any time in any store or warehouse in the city of ——— and no loose boxes or paper-wrapped packages of matches shall be kept on shelves or stored loose in such stores or warehouses at a height exceeding 5 feet from the floor.

SEC. 4. Matches, when stored, must be kept only in sound cases and not piled to a height exceeding 10 feet from the floor. No matches shall be stored within a horizontal distance of 10 feet from any heating apparatus, such as boiler, furnace, stove, etc., nor within a horizontal distance of 25 feet from any explosive material stored on the same floor.

SEC. 5. Matches shall be packed in boxes or suitable packages containing not more than 700 matches in any box or package: *Provided, however,* That when more than 300 matches are packed in any one box or package, the said matches shall be arranged in two nearly equal portions, the heads of the matches in the upper portion pointing in the opposite direction from the heads of the matches in the lower portion. All boxes containing 350 or more matches shall have placed therein a center holding or protecting strip, made of chip board, not less than 1½ inches wide; said strip shall be placed on the top of the matches in the box and be flanged down on each end to hold the matches in position when the box is nested in the shuck or withdrawn from it.

SEC. 6. All match boxes or packages shall be packed in strong shipping containers or cases. The maximum number of match boxes or packages contained in any one shipping container or case shall not exceed the following:

Number of boxes:	Nominal number of matches per box.
½ gross.....	700
1 gross.....	500
2 gross.....	400
3 gross.....	300
5 gross.....	200
12 gross.....	100
20 gross.....	over 50 and under.. 100
25 gross.....	under.. 50

No shipping container or case constructed of fiber board, corrugated fiber board, or of wood, nailed or wire bound, containing matches, shall have a weight, including its contents, exceeding 75 pounds, and no lock-cornered wooden case containing matches shall have a weight, including its contents, exceeding 85 pounds.

No shipping container or case containing matches shall have an internal volume exceeding 8,000 cubic inches. Matches shall not be packed in any shipping container or case with any other article or commodity. All shipping containers or cases containing "Strike-anywhere" matches shall have plainly marked on the outside thereof the words, "Strike-anywhere matches," and all shipping containers or cases containing "Strike-on-box matches" shall have plainly marked on the outside thereof the words "Strike-on-box matches."

SEC. 7. Any person, firm, or corporation violating any of the provisions of this ordinance shall be fined not less than \$5 nor more than \$25 for each offense.

SEC. 8. This ordinance shall take effect and go in force * * *.

[Journal of Commerce, Jan. 27, 1913.]

FIRE-PREVENTION CAMPAIGN—MINNESOTA GOVERNOR RECOMMENDS SUPPRESSION OF THE "CRIMINAL MATCH."

The recommendations to the Minnesota Legislature by Gov. Eberhart included the following:

"The fire-prevention campaign which has been carried on by the State fire marshal's office and the Minnesota Fire-Prevention Association during the past year has borne tremendous fruit. It is estimated by the State fire marshal that the loss to our people by fire has been reduced from approximately \$5,400,000 in 1911 to \$4,200,000 in 1912. Considering what the tremendous fire waste in the United States means to our people this is exceedingly encouraging. The average per capita fire tax in Europe is about 33 cents, while in the United States it is approximately \$2.50. Much can be done by way of legislation to assist in this fire-prevention campaign.

PARAGRAPH 436—MATCHES.**"THE CRIMINAL MATCH.**

"It is estimated that 10 per cent of our annual fire losses is due to our so-called parlor match. The national convention of insurance commissioners has indorsed for passage in the various States a bill which by its terms would prohibit the manufacture, sale, and distribution of the so-called criminal parlor match. A similar law will be found on the statute books of a number of European countries. Your commissioner hopes that this proposed measure may have the attention of the legislature.

"OVERINSURANCE.

"Overinsurance is, beyond a doubt, responsible for a very large percentage of the fire losses in the United States. Avaricious fire insurance agents, for the sake of a few paltry dollars in commission, will induce men to overinsure their property. Too frequently we see a man of apparently good character and honest purpose who, when he finds himself confronted with financial difficulties, knowing that his property is insured for more than its actual value, yields to temptation, burns his property, and secures the face value of his policy in exchange for a poor investment.

"More frequent it is that the incendiary, premeditating crime, secures insurance on his property for more than it is worth and then burns it. It is a notorious fact that the assured can secure in some company or other insurance in a greater amount than the value of his property.

"The evils of overinsurance are not limited to the insured alone. Numerous complaints have been made to this department that the neighbors or adjacent property owners of the complainants have their property vastly overinsured, endangering the property and lives of the community.

"The State fire marshal should be empowered to make appraisements of property insured, report the same to the commissioner of insurance, who should be clothed with authority to order the cancellation of any policy insuring property in excess of such valuation and with authority to cancel the license of the agent who placed the insurance. Where the property is found to be overinsured the expenses of the State fire marshal for investigating the risk should be charged to the company with whom the insurance is placed."

EXHIBITS.

(A) Sample box of American nonpoisonous household matches of which the splints have not been "impregnated" and leave a dangerous fire-creating afterglow, or live coal. This will be the common type of American matches that will be placed on the market in conformity with the Esch-Hughes legislation. Unimpregnated matches should be prohibited by law through excessive taxation.

(B) Sample box of European "safety" matches, containing about 60 matches. This match is made from aspen wood, which is a superior wood for match manufacture. This type of match is rarely used in the American household, but is to be found in cafés, cigar stores, hotels, etc.

(C) Sample box American safety matches, containing about 45 matches, against 60 of European box, sold at same price. This match is inferior to European product.

(D) Sample box European safety matches, with unimpregnated splints. Importation should be prohibited.

(E) European match, nonpoisonous, impregnated. Sold in England. Tariff too high for importation into United States.

(F) Sample box of matches of American manufacture containing approximately 1,000 matches. These matches are unsafe, as they are poisonous and are not "impregnated." They are sold on the New York City market at about 3 cents to the jobber, 3½ cents to the retail trade, and 5 cents to the consumer. These matches are now outlawed by the new match law of New York City.

(G) Sample box of European matches, nonpoisonous, with the imperfectly impregnated tips. This is an excellent match, and if more care was used in impregnation process, would be a better and safer match than the so-called "safetys"; strike on boxes.

(H) Sample box of European matches with the "impregnated" splints, but with the ignition tips containing white phosphorus. The importation of these matches is prohibited since January 1, 1913.

(I) Sample box of American matches of the household type. These matches are absolutely nonpoisonous and the splints are "impregnated," insuring complete carbonization under combustion, leaving no live coal of afterglow after the flame of the match is extinguished.

(J) Sample box of matches, common American type. Poisonous and unimpregnated.

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LETTER AND BRIEF OF WARREN B. HUTCHINSON, NEW YORK, N. Y., CONCERNING MATCHES.

NEW YORK, January 16, 1913.

The CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

SIR: My letter to your committee is on behalf of several companies which I represent, and which are interested in the tariff as affecting matches, on the double ground that they manufacture matches in this country and also import them. Section No. 436 of the present tariff regulations reads as follows:

"436. Matches, friction or lucifer, of all descriptions, per gross of one hundred and forty-four boxes, containing not more than one hundred matches per box, six cents per gross; when imported otherwise than in boxes containing not more than one hundred matches each, three-fourths of one cent per one thousand matches; wax and fancy matches and tapers, thirty-five per centum ad valorem."

I do not understand the reason for the peculiar phraseology of this section. Practically, it works a great hardship on the importer, and especially on the public, without any corresponding benefit to anyone.

The popular size of match boxes for family use is a box which contains approximately 500 matches. This size is getting to be so generally used for household purposes that its use might be said to be almost universal for this purpose. This, then, is the size of box which is chiefly affected by the section referred to. Practically it works out in this way. A gross of matches containing not more than 100 matches to the box, or 14,400 matches, pays an import of 6 cents; whereas a gross of matches with 500 matches to the box, or 72,000 matches, instead of paying a duty of 30 cents, which would be the natural duty based on the 6 cents per 100-box rate, amounts to 54 cents per 100. It would seem that this peculiar rate is a direct injury to the housekeeper, and if there is any reason for it, it is past finding out by myself and my clients.

We would suggest to your committee that the rate per 1,000 matches should be uniform at least, but that if there is to be any variations in the rate, owing to increased size of boxes, the rate should be reduced gradually on the larger sizes, rather than increased, because the larger boxes go directly into the home for practical and necessary uses, whereas the smaller sizes are used as articles of luxury by smokers, mostly. This applies especially to boxes of 100 or less, which can be carried in the pocket, whereas boxes containing upward of 100 are used in the house, and therefore the increased tariff is a direct burden on the people least able to pay it.

It is suggested to your committee, therefore, that this inequitable arrangement of the present schedule should be adjusted so as to avoid discriminating against the household consumer, and further that the rate should not be increased. The present rate is such that it practically bars out the foreign match, although it is well known in the trade that the matches of European make are superior to those of domestic manufacture. If the rate is lowered rather than raised, the result will be to compel the American manufacturer to make a better match, and the public will distinctly benefit thereby.

Respectfully submitted.

WARREN B. HUTCHINSON.

RE SCHEDULE N, MATCHES.

SALVATION MATCH CO.,
New York, January 24, 1913.

To the chairman and members of the Committee on Ways and Means, House of Representatives, Washington, D. C.

GENTLEMEN: Supplementing my letter of the 16th instant, concerning the tariff on matches, permit me to say that I have been advised that the largest match manufacturing concern in America is engaged in an effort to have the duty on "safety" matches increased. This duty at present is 6 cents per gross of 144 boxes containing less than 100 matches to the box.

It may appear strange to your committee to have a match manufacturer plead against an increased duty on safety matches. My reasons for doing this will appear below. Safety matches in the United States are made by only one concern, to wit, the Diamond Match Co., and this concern does not make them very extensively. Safety matches have not as yet entered seriously into competition with the strike-anywhere match, for the reason that the American public is educated to use the strike-anywhere match, and if this style of match is made with an impregnated splint and a nonpoisonous tip, it is as safe as the safety match, and has the advantage of striking on any surface.

PARAGRAPH 436—MATCHES.

I am credibly advised that the Diamond Match Co. has spent an enormous sum in the manufacture of safety-match machinery, and I do not make this as an accusation, but it would seem that the object of this corporation is to procure a high tariff on safety matches, also procure State and municipal legislation which will require the use of these matches, and thus give them a stronger monopoly on the match trade than they have ever had, and, as is well known to your committee, this company has been almost in control of the match trade in America for the last 30 or 40 years.

Your attention is called to an item published in the Chicago Evening Post of January 17, 1913, as follows:

"Chicago will use safety matches exclusively after July 1, if the recommendation which the council building committee adopted to-day is passed by the council. The matter came up during consideration of sections of the fire prevention bureau ordinance, which were not passed when the bureau was established."

This is a sample of what is taking place in very many of the larger cities and in many of the States. I have no legal evidence to offer to your committee that this is done on behalf of any one corporation or set of corporations, but this would not affect the material fact which, as I understand it, is this: That if the tariff is raised abnormally so as to practically exclude foreign safety matches, it makes it a perfectly feasible scheme for a corporation or combination of corporations to procure legislation of the kind specified, and thus create a monopoly in themselves to the destruction of every other manufacturer in the business.

This, then, is the reason why we, as match manufacturers, oppose any raising of duty on safety matches. The admission of such matches under the present regulations does not interfere with the business of the ordinary match manufacturer, because the total imports of matches of all kinds, as I understand it, are only 5 per cent of the total volume of trade, and the safety match does not enter into competition with the ordinary household match which strikes on any surface.

Custom in trade matters is very strong, and the trade it is thought would not accept safety matches unless they are made in the ordinary way and packed in the ordinary veneer or wood box of commerce. American woods can not be utilized for making boxes such as the trade calls for, and the machinery suitable for strike-anywhere matches is not in all respects adapted to the manufacture of safety matches. Furthermore, practically every manufacturer of matches in the United States is situated, as regards capital, in such a way that it can not afford to go to the enormous expense of importing its box material and revising its factory methods to make safety matches.

Finally, it is submitted that no possible good could come from raising the tariff, as it would result in a larger cost to the consumer, might result, as above pointed out, in putting nearly every manufacturer in this country out of business by creating a monopoly in the manufacture of this match, and it could not benefit the average manufacturer because the safety match, as stated, does not compete with the strike-anywhere match, and he could not make the safety match in any event.

It is therefore respectfully submitted that the raising of duties on safety matches would work a hardship on the consumer, without any corresponding benefit to any one, and it is my opinion that if there is any change whatever in the tariff rates, it should be in the way of lessening rather than increasing the duty on safety matches.

Respectfully,

SALVATION MATCH CO.,
WARREN B. HUTCHINSON, *President*.

BRIEF OF OHIO MATCH CO., WADSWORTH, OHIO, ET AL.

HON. OSCAR UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: The undersigned match manufacturers respectfully submit the following statements in regard to the duty on matches. (See paragraph 436, Schedule N.)

There are 26 match factories in the United States according to the census report of 1909, of which number 5 are operated by the Diamond Match Co., and the remainder by various corporations and firms, none of which operates more than one plant. The production of the Diamond Match Co. is variously estimated at from 50 to 60 per cent of the total production of the United States; the production of the undersigned is believed to be about 30 to 40 per cent of the total. We desire two things:

(1) That no reduction be made in the duties on matches, and that if any change be made in the present law the duties be increased.

(2) That the language of the last clause of paragraph 436 be changed so as to make it clear that safety matches are included in the 35 per cent classification.

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Omitting a negligible quantity of unusual forms, matches are of two kinds: Those igniting by friction produced by rubbing them upon any rough surface, commonly called "strike anywhere" matches, and those which can be ignited only by rubbing them upon a specially prepared surface, known usually as "safety" matches. All but a very small percentage of American-made matches are of the "strike anywhere" kind. Practically all of them have been made by the use of poisonous white or yellow phosphorus. By the act of April 9, 1912, known as the Hughes bill, the use of this phosphorus in the manufacture of matches is made impossible after July 1, 1913, by a prohibitive internal-revenue tax. After that date, therefore, matches must be made of sesquisulphide or of nonpoisonous red or scarlet phosphorus, or else safety matches must be used exclusively.

In the hearings on the Hughes bill it was stated by several of the experts that the use of nonpoisonous substitutes for the white or yellow phosphorus would add to the cost of production from 5 to 7 per cent. We believe this estimate to be correct. In addition to this added cost of production, it is conceded that no method of manufacture has yet been perfected that will succeed in producing as good a "strike anywhere" match, from the standpoint of the user, as the poisonous phosphorus match. The advantages of the safety match over the "strike anywhere" match will, therefore, be greatly increased. In view of this burden just imposed upon the match industry by the use by Congress of the taxing power, and in view of the further fact that the duties were reduced 25 per cent less than four years ago, we believe that our request is reasonable in asking that no further reduction be made in the import duties while the industry is going through its readjustment to meet the new conditions.

COST OF PRODUCTION.

As we understand the aim of the framers of the proposed new law, they desire, where possible, to effect the reduction of the cost of articles to the ultimate consumer, to produce a fair revenue from importations, and at the same time to so legislate as not to produce disaster to either the legitimate capital or to labor employed in American industries. To meet this aim we present the following facts which we believe to be correct and to fairly present the relation of the tariff to the match industry:

The chief items of cost of production are the wood, the chemicals, and labor. The wood chiefly used in imported matches is the Russian aspen. This wood is sold, delivered at Russian ports, for 30 shillings per load of 50 cubic feet, or \$12 per 1,000 feet board measure. The only wood available in America for the production of matches on a large scale is selected white pine. The cost of this wood in this country is from \$27 to \$35 per 1,000 feet, the variation in price depending on the point of delivery. The cost of the chemicals is considerably higher in the United States than in Europe. The census summary of the match industry, printed on page 17 of the Tariff Handbook, would indicate an excessively high profit in the business, if it were assumed that the difference between the value of products and the combined value of salaries, wages, and materials there given represented profits. Such is not the fact. An important group of expenses is omitted from that table. We have obtained from the proof sheets of the census report not yet published the summary of all the statistics gathered relating to the match industry. It is as follows:

Manufacture of matches, 1909.

Number of establishments.....	26
Capital.....	\$11, 952, 907
Expenses.....	9, 680, 082
Services.....	2, 112, 659
Salaries, officials.....	293, 739
Salaries, clerks.....	429, 201
Salaries, wage earners.....	1, 389, 719
Cost of materials.....	4, 598, 874
Fuel.....	77, 471
Other.....	4, 521, 407
Miscellaneous expenses.....	2, 968, 545
Rent of factory.....	5, 950
Taxes, including internal-revenue.....	87, 278
Contract.....	2, 000
Other.....	2, 873, 317
Value of products.....	11, 353, 138
Value added by manufacture.....	6, 754, 260

PARAGRAPH 436—MATCHES.

The item of miscellaneous expenses includes such items as overhead charges, cost of patents, transportation, advertising, selling expenses, etc. The labor cost is by no means fully shown by the items of services. Those items only represent the wages paid at the factories where the matches are made, and do not include the cost of labor in the production of materials delivered to the match factories in a finished or partly finished condition. The difference in wages here and in the chief competing countries is very marked. While it is very difficult to get at actual wages in any given factory, we believe that the following table is correct and can be substantiated:

		Per day.
Women and girls:		
Belgium.....	14½ to 33½ cents.	
Germany.....	35½ to 41½ cents.	
England.....	25 to 45 cents.	
United States.....	70 cents to \$1.75.	
Boys:		
Belgium.....	14½ to 29 cents.	
Germany.....	35½ to 53½ cents.	
England.....	25 to 40 cents.	
United States.....	80 cents to \$1.65.	
Youths:		
Belgium.....	28½ to 48 cents.	
Germany.....	53½ cents.	
England.....	40 to 80 cents.	
United States.....	\$1.40 to \$2.	
Men partially skilled:		
Belgium.....	Not obtainable.	
Germany.....	59½ cents.	
England.....	80 cents to \$1.40.	
United States.....	\$1.60 to \$2.30.	
Men skilled:		
Belgium.....	48 to 67½ cents.	
Germany.....	83½ to 95½ cents.	
England.....	\$1 to \$1.40.	
United States.....	\$2 to \$3.30.	
Mechanics and foremen:		
Belgium.....	76½ to 86½ cents.	
Germany.....	95½ cents to \$1.67.	
England.....	\$1.10 to \$2.50.	
United States.....	\$2.25 to \$5.10.	

AMOUNT OF REVENUE.

From the table on page 323 of the Tariff Handbook it will be seen that the revenue has tripled under the reduction of duties made by the tariff of 1909. When this increase of importation is considered in connection with the burden of an increased cost of production of from 5 to 7 per cent imposed by the requirements of the Hughes bill, and the increased demand thereby created for safety matches (which are very largely of foreign manufacture), we believe that matches will be found to produce their fair share of revenue as compared with that derived from other sources if the present duties are maintained. A further suggestion as to revenue is made below in connection with the "safety" match provision.

THE PRICE TO THE CONSUMER.

Matches are not of the class of articles of which the cost to the ultimate consumer can be reduced by even a very radical reduction in the rates of duty.

According to the tables on pages 322 and 323 of the Tariff Handbook, the import value of 1 gross of boxes of matches, of less than 100 in a box, was \$0.218; the duty of 27.59 per cent was \$0.06, making a total cost to the importer of \$0.278. These boxes sell to the ultimate consumer for 1 cent per box, or by the dozen boxes for 5 cents per dozen. The duty is equal to one-half of 1 cent per dozen. If the entire duty were taken off it is quite evident that the consumer would get no reduction in price.

Again, taking the matches packed in boxes of over 100 per box, these matches sell to the ultimate consumer for 5 cents per box of 500 matches. The rate of duty is three-fourths of 1 cent per 1,000 matches. If the entire duty were taken off the box of 500 matches would still be sold for 5 cents to the consumer.

PARAGRAPH 436—MATCHES.

EXPORTS OF MATCHES.

There has been a persistent effort on the part of some of the American manufacturers to compete in foreign countries, but they have not succeeded in doing so. They have never been able to export 1 per cent of the production or to increase their sales abroad sufficiently to get any hold on the market. These facts are corroborated by the table of exports of matches, found on page 31 of the Commerce and Navigation Report for 1911. It is as follows:

1903.....	\$58,330	1908.....	\$68,426
1904.....	68,003	1909.....	92,280
1905.....	52,834	1910.....	80,877
1906.....	72,297	1911.....	77,106
1907.....	71,035		

The bulk of these exportations went to Canada where, it is well known, the price of matches is much higher than in the United States. It is impossible to sell a single American match in any European country. This is corroborated by the table of exports to foreign countries, 1911, found on page 646, Commerce and Navigation Report for 1911, as follows:

Europe.....	None.
North America (Canada, \$40,591).....	\$65,894
South America.....	9,861
Asia.....	209
Oceania (Philippines, \$1,049).....	1,142

COMPETITION.

While the importation of matches is small as compared with the domestic consumption, yet this fact does not result in the absence of competition or in high prices. We are engaged in an industry in which over one-half of the business is done by one concern, the Diamond Match Co. A discussion of that company's affairs is out of place in this brief. It need only be said that its business is carried on with the maximum of efficiency, and it is the only American company interested or engaged in the manufacture of matches abroad, and it is necessary for us, its competitors, to exert ourselves to the utmost at all times to meet the competition of that company. If the duties were lowered and we were subjected to the further competition of foreign match makers it would almost surely result in our being put out of business. The Diamond Match Co., with its close connection with the factories abroad, would then be left the only domestic manufacturers in the field. We are confident that the framers of the proposed legislation do not desire any such result.

FANCY MATCHES.

We further request that the last clause of paragraph 436, reading:

"Wax and fancy matches and tapers, thirty-five per centum ad valorem"—
be amended so as to read:

"Wax matches, fancy matches, safety matches, and tapers, thirty-five per centum ad valorem."

We urge this change for the reasons:

- (1) We believe it will carry out the intention of classification under the present law.
- (2) It will not affect the selling price of safety matches.
- (3) It will increase the revenue.

1. In the act of 1909 there was inserted for the first time a provision for fancy matches, as distinguished from friction or lucifer matches. We believe that this provision was intended to provide for the so-called safety matches. Such an interpretation was submitted to the Board of General Appraisers for determination. In the trial of the case several witnesses testified that safety matches were known as fancy matches, while, as is usually the case in litigation, other witnesses testified to the contrary. As a result the Board of General Appraisers adopted a definition for fancy matches which included some safety matches and excluded others. This case was not taken up to court for review, and the Treasury Department has since been administering the law in accordance with the interpretation promulgated by the Board of General Appraisers. Recently another case has been litigated and decided by the general appraisers in the same way. This later case has, however, been appealed to the Court of Customs Appeals and is now awaiting decision by that court. It involves only

PARAGRAPH 436—MATCHES.

one kind of safety matches, the so-called book matches given away in cigar stores. These are one of the kinds of safety matches which the board had formerly held to be fancy matches.

2. While large quantities of safety matches are sold in boxes of about 60 matches each at 1 cent per box or at 5 cents per dozen boxes, large quantities of these as well as those put up in the form of paper booklets covered with advertising matter are given away by cigar stores, hotels, cafés, etc. Whether these matches pay duty at the rate of 6 cents per gross of boxes or at 35 per cent ad valorem would not affect the selling price.

3. A duty of 35 per cent ad valorem, or even a higher rate, would be a purely revenue duty. There are very few safety matches produced in this country, and there can be no general manufacture of them here unless the duty is increased to about 100 per cent ad valorem. The only concern which is equipped to make safety matches in the United States is the Diamond Match Co., and we believe that that company has machinery in only one of its factories.

The foreign safety matches are delivered at New York at less than 22 cents per gross of boxes f. o. b., exclusive of duty. It is impossible to manufacture and lay down such matches here for less than 45 cents. That they can not be successfully made here in competition with foreign manufacturers is shown by the fact that the Diamond Match Co., which has the machinery here to make them, is one of the largest importers of these matches.

The safety match is not the kind of match commonly found in the homes of the masses. The bulk of them are used by smokers, and they bear a striking similarity in use to cigars and other forms of tobacco, which have always been considered peculiarly suited to revenue taxation.

Respectfully submitted.

The Ohio Match Co., Wadsworth, Ohio, by E. J. Young, Treasurer; Sommers Bros. Match Co., Saginaw, Mich., by Frank F. Sommers, Secretary; Fred Fear Match Co., Bloomsburg, Pa., by Fred Fear, President; Union Match Co., West Duluth, Minn., by John B. Himnik, Treasurer; the Reliable Match Co., Ashland, Ohio, by Chas. D. Darrah, President; the Pennsylvania Match Co., Bellefonte, Pa., by J. L. Montgomery, Treasurer; National Match Co., Joliet, Ill., by Fred Bennett, President; Indiana Match Corporation, Crawfordsville, Ind., by A. M. Smith, Secretary-Treasurer.

BRIEF OF SOMMERS BROS. MATCH CO., SAGINAW, MICH.

SAGINAW, MICH., *February 13, 1913.*

Hon. J. W. FORDNEY,

House of Representatives, Washington, D. C.

MY DEAR MR. FORDNEY: While presuming that a reduction in the tariff on matches will not be countenanced by your good self, still I would like to call your attention to the extremely prejudiced position held by one Mr. Waldo Peck Adams, who recently gave a rather extended talk before your committee.

In reply to Mr. Palmer's question, "Whom do you represent?" Mr. Adams replied, "I represent myself. I am in the fire insurance business in New York." In the same tariff hearing, in a printed extract taken from the New York Tribune of December 19, 1912, Mr. Waldo Peck Adams is confessedly a representative of the Salvation Match Co. I say "confessedly" in view of the fact that it was he who submitted these newspaper articles to your committee.

To say that the Salvation Match Co. is not actuated by any philanthropic or humanitarian motives is putting it mildly, as it is a known fact that these people have entered into large contracts for matches with manufacturers abroad, realizing that they can purchase the class of goods they have contracted for at a much less price than they can manufacture them in this country, the present duty on matches notwithstanding.

The writer would like to see you pass this information along, and he would also appreciate your writing him as to what the attitude of the committee in general is on this subject of matches.

Anticipating the pleasure of hearing from you, we are,

Sincerely, yours,

SOMMERS BROS. MATCH CO.,
FRANK F. SOMMERS, *Secretary.*

PARAGRAPH 437—AMMUNITION.

PARAGRAPH 437.

Percussion caps, cartridges, and cartridge shells empty, thirty per centum ad valorem; blasting caps, two dollars and twenty-five cents per thousand; mining, blasting, or safety fuses of all kinds, not composed in chief value of cotton, thirty-five per centum ad valorem.

AMMUNITION.

BRIEF OF COAST MANUFACTURING & SUPPLY CO., OAKLAND, CAL.

SAFETY FUSE.

OAKLAND, CAL., January 17, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives.

DEAR SIR AND GENTLEMEN: We desire to present for your consideration, the following statement of facts regarding the manufacture, profits, and general information of safety fuse as applied to the business in the United States and particularly on the Pacific coast.

In order that you may be thoroughly conversant with the subject, it will be necessary for us to go somewhat into details of the manufacture of fuse.

In the first place, safety fuse is an article that is not used by the general mass of the public. Its sale and use is restricted to mines, quarries, and railroad contractors, with a very slight percentage to the farmer and lumbermen for blasting stumps and hardpan.

Its manufacture has been to a certain extent restricted to a few people for the reason that but few understand the method of its manufacture.

The manufacture of safety fuse is a very small industry comparatively, but is a very necessary and particular one, entailing the danger of loss of life and limb with all users of the article. The amount of capital invested compared to the number of people employed is very large and the reducing of the amount of production will advance the proportion of overhead charges to such an extent that the cost of production would be so greatly increased as to surely put the American Fuse Manufacturers entirely out of business.

Great care is needed and is used by the manufacturers in this country, on account of the liability of loss of life in its use if not properly made.

The manufacture of safety fuse is in itself a dangerous operation, subject to explosions, fires, etc. This company has had three explosions at different times since its organization, and while fortunate in not causing any loss of life, we suffered a considerable loss of property. Other factories, both here and in the Eastern States, have had serious explosions, causing both loss of life and great loss of property. It is not possible to insure against fire and explosions, owing to the extreme rate of insurance on such risks, and the profits of the business are not large enough to warrant paying such extreme rates.

Seldom is there found any business that does not turn over its capital at least once a year, and the most ordinary lines of business with no such risks attached turn over their capital several times in a year.

To show you just what business is done by this company, we give you the following figures:

Our capital is \$1,000,000.

Our gross sales during the years of:

1908.....	\$450,000
1909.....	527,000
1910.....	509,000
1911.....	479,000
1912.....	571,000

Showing a decrease each year, excepting 1912, with the duty at 35 per cent ad valorem.

In 1912 it was decided that as the inroads of foreign fuse were becoming much greater our policy would be to try and get greater volume of business, even at less

PARAGRAPH 437—AMMUNITION.

profit, and try and hold business for American made goods until such time that some relief might be had. This policy was to a certain extent successful, as is shown by the slight gain in the total amount of business done. At the same time the year 1912 showed a considerable increase, owing to the increased production of metals, especially copper.

Our net profit for these years were as follows:

	Per cent.
1908.....	2.4
1909.....	9.6
1910.....	10.4
1911.....	8.2
1912.....	8.9

Showing a profit which is ridiculously small for such a business, and in the face of all kinds of improvements in manufacture, and lowering of manufacturing cost, which have been adopted during the past five years.

The corporation taxes of both the Federal Government and State levy, together with the State franchise taxes, of course have affected our net profits without giving us any chance of recuperation.

Owing to foreign competition, we are not able to change our prices to cover the market changes on our raw materials. The fact is that we have made no changes, except to reduce prices where compelled to by foreign competition, since January, 1907.

We also face the inevitable inroads into our business by the development of electricity for use in blasting, which is slowly but surely taking away from us our means of livelihood, and we have people connected with us who have been in the business since childhood and know no other business.

Taking all of these things into consideration, we can not but think that your committee, when understanding the situation, will do us justice.

We wish to call your attention to the increase in imported safety fuse since the passage of the Payne-Aldrich tariff bill in 1909. These figures are given us by the Bureau of Statistics: In 1908 the imports were valued at \$10,326; in 1909 the imports were valued at \$13,418; in 1910 the imports were valued at \$93,689; in 1911 the imports were valued at \$113,888; in 1912 the imports were valued at \$105,000.

The ad valorem basis was much lower than our cost of production with the profits of the German manufacturer already added.

The slight decrease in 1912 no doubt was the result of our forced policy of lower prices.

The cost of manufacturing our product is much greater here than in Germany and Belgium, from which countries most of the imported fuse comes.

For instance, the actual cost of the fuse we manufacture to compete with the imported article is \$2.73 per thousand feet, or \$16.38 per case. The average cost of manufacture in 1912 of all kinds of fuse was \$2.618 per thousand feet, or \$15.71 per case, based on the total of all moneys spent for materials, labor, etc., and all fuse manufactured during the year. This includes a large percentage of the cheaper grades, which naturally brings the average down. This cost does not include any profit whatever, being the actual manufacturing cost.

The fuse imported from Germany and Belgium, with which we have to compete, is invoiced from \$1.73 to \$2.08 per thousand feet, and this includes the profit to the manufacturers.

COST OF MATERIALS.

The cost of raw materials in this country is greater than in Europe, and at the present time the cost of many materials is much higher than the first part of 1912. We give the following comparative figures on the value of materials used in the manufacture of fuse in the United States and in Europe. The prices are the latest we can get at the present time in Europe and the prices in the United States are what we are actually paying at this time.

PARAGRAPH 437—AMMUNITION.

	Prices in the United States	Prices in Europe.
Fuse powder, per pound.....	\$0.189	\$0.089
Jute yarns, per pound.....	.11 $\frac{1}{2}$ —12 $\frac{1}{2}$	.065— .08
Cotton yarn, per pound.....	.20— .30	.16 —.20
Asphalt (California), per ton.....	15.00	18.00
Crude gutta-percha, per pound.....	.16 —.27	No figures.
Balata, per pound.....	.85—1.00	Do.
Sheet balata, per pound.....	.50	.35
China clay, per ton.....	21.00	6.50
Cotton cloths, per yard.....	.03 $\frac{1}{2}$ —5 $\frac{1}{2}$	No figures.
Glue, per pound.....	.10 $\frac{1}{2}$	.08 $\frac{1}{2}$
Paper, per pound.....	.06	.03 $\frac{1}{2}$
Coal, per ton.....	10.25	4.25
Whiting, per ton.....	20.00	6.20

In looking over these figures, it will be seen at a glance that all the important materials are considerably higher in the United States than in Europe. For instance, our powder cost us twice as much as in Europe, and powder is the vital point in safety fuse. Jute yarns also are a large part of fuse, and it can be seen at a glance that they are much cheaper abroad than here. These yarns, being a raw material, carry the same duty, viz, 35 per cent as does the finished fuse.

The statement is made and advertised broadcast over the country by an importer, that the cost of materials and manufacture is no greater in this country than in Germany and Belgium. We should like proof of this assertion. We should also ask the question as to where he gets the information as to cost of manufacture in this country. The statement made by him is at random but has a misleading effect on customers and is entirely untrue.

LABOR.

The question of labor and hours of labor cut no little figure in the cost of production in the United States. Following is given the comparative wages paid by us and that paid in Europe:

EUROPEAN LABOR.

This information has been obtained from authentic sources, such as the fuse manufacturers themselves.

Superintendents and foremen, per month.....	\$56.00—\$80.00
Male operatives, per day.....	.75— 1.00
Female operatives, per day.....	.24— .37

Hours of labor, all kinds, from 10 to 12 hours per day.

European factories average about 20 per cent males and 80 per cent females. We do not know the cost of office force in Europe, but it is reasonable to suppose that the same ratio exists between the two countries in this respect, as in the regular labor costs.

AMERICAN LABOR.

Superintendents and foremen, per month.....	\$125.00—\$200.00
Machinists, per day.....	3.75— 5.00
Male operatives, per day.....	1.75— 2.50
Female operatives, per day.....	1.20— 1.75

Hours of labor in California: Male, 10 hours per day; female, 8 hours per day, or 48 hours per week.

In our plant we employ an average of about 50 per cent males and 50 per cent females.

As the work of the production of fuse is largely machine work, it can be readily seen that a machine will produce only so much per day, and the restriction in the number of hours of labor has a material effect on American production in comparison with European, to say nothing of the vast difference in wages paid.

In our case in California the application of the eight-hour law for females has made a difference of 20 per cent in the production. This has made it necessary for us to increase the number of machines to enable us to turn out as much fuse as formerly, and also increase the number of employees to operate the additional machines. This also has increased the invested capital, on which we are not getting adequate returns.

PARAGRAPH 437—AMMUNITION.

There is now pending before the California Legislature a bill making eight hours per day the working day for both male and female. The probabilities are that this bill will become a law, which will mean additional cost to us to cover the 20 per cent reduction in production, as well as increased capital invested to increase the facilities of our plant to keep our production the same as at the present time.

FOREIGN COMPETITION.

The foreign competition we are compelled to meet not only has the benefit of cheaper cost of production, but also has the cheaper freight rates. For instance, the freight from Hamburg, Germany, to Denver, Colo., is but \$1.90 per hundred pounds, while the rate from San Francisco or Oakland to Denver is \$2.60 per hundred pounds, whether in carload or one-case lots. Thus, it is plainly seen that we are laboring under quite a disadvantage in regard to freight rates.

In order to show the class of competitors we are up against, we might cite the methods now being pursued to mislead the purchaser into believing that they are ordering from American manufacturers.

The name of our firm is the Coast Manufacturing & Supply Co. The name adopted by our competitors in San Francisco is the Coast Supply Co., 311 California Street, San Francisco. This similarity in names will mislead the most careful buyer.

In Denver, Colo., is located another fuse factory, under the name of the National Fuse & Powder Co. Our German competitors have also adopted a similar name, calling themselves the National Fuse Co. of California, also of 311 California Street, San Francisco, using a large heading on their stationery of the words "National Fuse Co." and very small letters for the words "of California." These two companies are composed of the same individuals and have the same offices and address. They also, in the first place, used the name of "Crescent" for one of their brands of imported fuse. This name "Crescent" was registered in the United States Patent Office by the Ensign-Bickford Co., of Simsbury, Conn., and is a popular brand throughout the country. The attention of the Coast Supply Co. was called to the infringement, and we are now informed that they have stopped the use of this brand. This goes to show the methods adopted by importers in competing with us.

The following is the report of one of the leading financial agencies on the Coast Supply Co., and also a letter from the National Fuse Co. of California to a user in the locality where the National Fuse & Powder Co. is located:

115-7-28-11 Ref.
Coast Supply Co. San Francisco, Cal.
310 California Street.

This is the style used by Hickmott Mulligan & Schupp, in the conduct of their business at above address, and upon whom see report.

75 86 Not July 28, 1911
(See Hickmott Mulligan & Schupp.)

115-7-28-11 Prim.
Hickmott Mulligan & Schupp Mfrs. Agts. San Francisco, Cal.
R. Hickmott, age 48, married. 310 California St.
W. J. Mulligan, age 32, married. Branches: Portland, Oreg.
J. A. Schupp, age 40, married. Style: "Coast Supply Co".

On July 27, 1911, Mr. Mulligan, stated to our reporter at his office: "This concern is in a way an offshoot of Parrott & Co. We are not incorporated, although operating under the corporate style of Coast Supply Co. We are manufacturers' agents and handle a variety of articles and represent several eastern houses. Our principal accounts are Utility Supply Co., Cincinnati, Ohio; Sterling Manufacturing Co., Ridding, Mass.; C. L. Dietz Co., Indianapolis, Ind.; Paper Canister Co., Philadelphia, Pa., and O'Neil James Co., of Chicago. We are brokers only and carry no stock of our own. The investment is nominal, but if required there is ample capital at hand."

The concern occupies a portion of the offices of Parrott & Co., one of the largest shipping and commission houses on this coast. All the above-named are closely associated with Parrott & Co., and the latter concern is believed to virtually own the Coast Supply Co. This business was established in April, 1911. Hickmott is president of R. Hickmott Canning Co., of Orwood, Cal. This latter concern is also believed to be subsidiary company of Parrott & Co. Mulligan was for several years manager of the lumber department of Parrott & Co. Schupp is still in the employ of Parrott & Co., where he has been a clerk for many years.

PARAGRAPH 437—AMMUNITION.

All the parties above mentioned are reputable people and are said to be giving the business close attention. It is believed by well-informed authorities that with the backing of Parrott & Co. the Coast Supply Co. is amply responsible for its business obligations.

75 86 Not July 27, 1911.

[Telephone Sutter, 989. Cable address: "Mullbish" A. B. C. 5th edition. Imperial German Blasting Fuse, Rex-all Brand, Reliance Brand. Shipping Points: San Francisco, Galveston, Philadelphia. 311 California St.]

NATIONAL FUSE CO. OF CALIFORNIA,
San Francisco, U. S. A., January 5, 1912.

CRESSON CONSOLIDATED GOLD MINING & MILLING Co.,
Cripple Creek, Colo.

GENTLEMEN: We beg to announce our entry into this field for the purpose of supplying the mining community, at a moderate price, the most reliable blasting fuse, and solicit an opportunity to submit samples in order that you may demonstrate the merits of the product to your full satisfaction before considering the matter of purchases.

If you will advise us of your annual consumption and shipping point, we would be very glad to forward, prepaid, by express, entirely without cost to you, sufficient of the fuse to enable you to make a practical test, and quote prices which we think, will be attractive enough to merit your continued patronage.

Thanking you in advance for the courtesy of a reply, we are,

Very truly, yours,

NATIONAL FUSE Co.,
By W. J. MULLIGAN.

For your information we might add that Parrott & Co., mentioned in the foregoing financial report, are the Pacific coast agents of the Insoloid Fuse Co. of Denver (J. Fitz Brind being the whole company), importers of German Insoloid fuse. Thus they are cutting three ways.

Attention is also called to the fact that importers have but little capital invested, the maximum not amounting at any time over \$3,500 to \$4,000, and running no risks of manufacture and paying no taxes on plants or materials, while the American manufacturers have about \$3,000,000 invested, pay taxes on the same, and run all the risks incident to the manufacture of fuse.

To enable us to show your committee the selling prices on imported fuse, we instructed our traveling representative to gather data on prices being quoted by importers.

The following is his report:

OAKLAND, CAL., December 2, 1912.

A. H. MERRITT, Esq.,
Vice President and General Manager,
Coast Manufacturing & Supply Co., Oakland, Cal.

DEAR SIR: Complying with your request of recent date, I am now handing you a copy of the different brands of fuse, of German and Belgium manufacture, that are competing with the products of the domestic fuse companies on the Pacific coast, at all points near and west of Denver, Colo.

Importer, Germania Importing Co., New York City.—Brands imported, Star brand and Rexall brand. Star quoted at \$15.30 f. o. b. New York or Galveston, Tex.; \$16.50 f. o. b. Arizona points; \$17.25 f. o. b. Spokane or Seattle; \$18.50 f. o. b. Salt Lake City. Rexall quoted at \$14 f. o. b. New York City or Galveston. Invoice for custom-house \$10.37 per case, \$1.73 per thousand feet.

Importer, E. I. du Pont de Nemours Powder Co.—Brands imported, Z. L., Neptune, and Rubberite. Z. L. quoted 25-case lots, \$25.45 f. o. b. Denver; 5-case lots, \$25.95 f. o. b. Denver; 1-case lots \$27.0 f. o. b. Denver. Z. L. quoted \$4.50 per 1,000 feet f. o. b. San Francisco, with the following discounts: 1-case lots, 5 per cent; 5-case lots, 7½ per cent; 15-case lots, 10 per cent; 50-case lots, 10 and 5 per cent; car (210 cases), 10 and 7½ per cent. Neptune and Rubberite are quoted at \$4 per 1,000 feet with the above discounts.

NOTE.—The above quotations on the Z. L. and Neptune fuse are not adhered to by the powder company, as Z. L. is reported quoted as low as \$14.65 per case f. o. b. El Paso. Neptune quoted \$18 f. o. b. Galveston to several customers in Arizona.

Importer, Giant Powder Co. Consolidated of San Francisco, Cal.—Brand imported, Z. L. No quotations at hand.

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Importer, Autolight Co. of New York City.—Brands imported, Standard and Rival brands. This fuse is being used in the Coeur d'Alene district and is being quoted below our prices in all cases.

Importer, National Fuse Co. of California.—Brands imported, Rexall, Panama, and Reliance. Rexall, \$4.50 per 1,000 feet f. o. b. San Francisco; Panama, \$4.25 per 1,000 feet f. o. b. San Francisco; Reliance, \$3.75 per 1,000 feet f. o. b. San Francisco. Discounts, 10 and 10 per cent in 5-case lots.

Importer, Insoloid Fuse Co. of Denver, Colo.—Brands imported, Insoloid, Royal, and Synthite. Insoloid quoted as low as \$18 per case in Nevada. There is absolutely no selling price maintained on any of the brands handled by the Insoloid Fuse Co.

Importer, Darbyshire & Evans, El Paso, Tex.—Brand imported, Star. Quoted at \$16.50 f. o. b. El Paso, Tex.

Importer, Krakauer Zork & Moye Co. (Suc.).—Brand imported, K. C. M. brand. No regular scale of selling price maintained.

Truly yours,

GRANT H. TOD.

Further, we are attaching the original card mailed to a customer of ours. These cards, we are informed, have been sent out throughout the coast. The information contained thereon is false and injurious to our trade.

[Post card.]

HURT IN EXPLOSION, SUES FUSE MAKER—MINER DECLARES THE FIRE RAN RAPIDLY AND SET OFF THE CHARGE TOO SOON.

William J. Abrams, a miner, has filed suit for \$50,000 damages in the district court against the Coast Manufacturing & Supply Co., of California, for injuries received through the defection of a fuse manufactured by that company.

In his complaint he says that the sight in both his eyes was destroyed, that he was permanently disfigured by burns on his face and neck, and that he is unable to walk because of a dislocation of his hip caused by the explosion.

He purchased the fuse from the local agent of the company, the California Powder Co. He says the fire in the fuse ran with great rapidity, and before he could get away a premature explosion occurred.

INSOLOID.

Gutta-percha fuse should, at all times, be kept in a moderate temperature, and never used in a frozen condition. If no better place is available, it may be stored in a boiler room, but not close to the boiler, as gutta percha will melt when overheated and injure the fuse.

Insoloid, with the experience of many years, still burns more evenly and with greater certainty than any other fuse on the market.

DENVER, COLO., January 4.

Why don't you make fuse of Merit(t)? If the miner gets judgment, it will wipe out nearly a day's profit.

INSOLOID FUSE CO., DENVER, COLO.

As powder absorbs moisture from the air, an inch should be cut off each end of coil (which is only one-third of 1 per cent) just before using the fuse, to prevent misfiring.

[Post card]

BLIND MAN ASKS DAMAGES.

Rendered sightless by the premature explosion of California-made fuse, W. B. Abrams, employed in Camp Defiance mine, filed suit to-day against the Coast Manufacturing & Supply Co., of California; and the Ensign-Bickford Co., of Simsbury, Conn., for \$50,000.—Denver paper.

Moral: Use Insoloid fuse and avoid accidents.

REDUCTION OF DUTIES ON BLASTING CAPS AND SAFETY FUSE.

The Insoloid Fuse Co. of this city has just filed a brief with the Committee on Ways and Means, at Washington, asking for a reduction of the present high duties on blasting caps and safety fuse, so that the miners might benefit by the reduced prices which would soon follow the passage of the new tariff bill.—Denver Republican.

PARAGRAPH 437—AMMUNITION.

FIGHTING THE TRUSTS.

Four years ago the Insoloid Fuse Co. diligently attempted to have the outrageous duties on imported blasting caps and safety fuse reduced and placed upon an equitable basis. In the original draft of the Payne bill such provision was duly made, but at the last moment the powder, fuse, and cap trusts influenced Congress to such an extent that the efforts of the Insoloid people were buried beyond resurrection during the Taft régime. This time, however, all the explosive monopolists will receive their death blow, as the manager of the Insoloid Fuse Co. has just been invited to appear before the Committee on Ways and Means, at Washington, to furnish all the necessary data for the proposed reduction.

When the Underwood tariff bill becomes law, embodying the above benefits, it will be in order for all the big consumers to show proper appreciation of the good work done in their behalf by using nothing but Insoloid fuse, which was recently described by a prominent mine owner as "the best article of its kind that was ever made."—Tomahawk.

All those interested should write to the Committee on Ways and Means, Washington, D. C., urging immediate passage of the above bill.

TARIFF REVISION BUREAU,
Box 835, Denver, Colo.

QUALITY.

Attention should be called to the fact that quality in safety fuse is very essential, as the lives of all users depend upon it.

There are several brands of foreign-made safety fuse that are of very inferior quality, but nevertheless the prices at which these brands are offered have the effect of compelling the American manufacturer to reduce his prices to meet this competition, even when supplying a far superior article.

It has always been the policy of this company to supply nothing but the best, and never send out a piece of fuse that shows any chance of defect, as we realize the importance to the user of having a good fuse in any condition of work he may be doing.

The American manufacturer also has to stand back of his goods, and in case of any defect (or in the large majority of cases, supposed defects), the goods are returned and replaced. In the case of imported fuse, all responsibility on the part of the manufacturer ceases when the goods leave the factory in Germany or Belgium, and the customer has to stand the loss, or take his own chances on the rest of the shipment.

We should also call your attention to the fact that American manufacturers are working with the United States Bureau of Mines to the end of determining the best and safest methods of using and manufacturing safety fuse. This entails not a little expense both in experimenting and machinery, to which the importer of foreign manufacture does not contribute.

CONCLUSION.

In conclusion, we wish to say that the fuse industry is small compared to almost any other, being confined to but few manufacturers and comparatively few users, but the manufacturers have their money invested in the business and should be placed in a position where they could make an honest manufacturer's profit on their investment, and not be subjected to such ruinous competition as we are now. We also believe that your committee, when they are acquainted with the true facts will take such steps that will place our product under such protection that we can not only get a fair profit on our investment, but a price for our goods that will enable us to produce such a grade that will insure the user that his life is not in danger when he uses safety fuse.

While the business is comparatively small, it is very important to the users and should be cared for in such a manner that the quality can be insured.

A reduction in the duty on this article is liable to force the American manufacturer to sacrifice quality in order to remain in business to the detriment of the consumer, to whom quality oftentimes means life or death.

In submitting these facts and figures to your committee, we are sure that they will be given due consideration, and also ask the question of any and all, whether under such conditions and amount of money invested we are receiving an adequate return, viz, 7½ per cent average during the past five years, in a business where explosions are liable to occur at any time and where no insurance can be carried.

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In 1909 we asked for forty-five (45) per cent duty, or \$1 per thousand feet on safety fuse of all kinds, and the results of the last three years have shown that the rate asked for was not any too high to protect our industry and enable us to produce goods of the necessary quality.

Respectfully submitted.

COAST MANUFACTURING & SUPPLY COMPANY,
A. H. MERRITT, *Vice President.*

BRIEF SUBMITTED BY THE ENSIGN-BICKFORD CO., SIMS-BURY, CONN.**SAFETY FUSE.**

Mining, blasting, or safety fuses of all kinds not composed in chief value of cotton are included in Schedule N, section 437, of the Payne Tariff Act, being dutiable at 35 per cent ad valorem. Practically all the safety fuse which is imported into the United States comes under this section. We know of none which is classed as being composed in chief value of cotton.

In previous acts there was no separate classification for safety fuse, and, consequently, it was classed according to the component article of chief value, either jute, cotton, or gutta-percha, the rate being from 35 to 45 per cent. We wish to enter our protest against any reduction of the duty from the present rate of 35 per cent.

Safety fuse is used in mining and blasting, and this is practically its only use. The fuse conveys fire to the charge and consists essentially of a core of gunpowder surrounded by layers of textile and waterproofing materials. It is important that it be well and carefully made, as the lives of miners often depend on it. We have for some time been working with the United States Bureau of Mines with the view of making it as reliable as humanly possible and of prescribing all necessary precaution in its use.

The industry in this country is a small one, because of the comparatively restricted field for its product. The amount of capital employed is approximately \$3,000,000, and the number of persons engaged in the manufacture is only about 600. Because of the powder and other inflammable ingredients used, it is a very dangerous occupation. Our buildings are expensive because of the protection necessary for the employees, and no insurance can be carried on portions of the plant. The risk involved increases greatly the overhead expense, and if the volume of business now done should be materially decreased the effect upon the business would be disastrous if not destructive.

Large quantities of safety fuse have been continually imported into the United States from European countries, the totals for the years ending June 30, 1911 and 1912, being somewhat over \$100,000 annually, on which the Government collected a duty of more than \$35,000 per year. With a lowering of the tariff we have every reason to believe the importation would increase, and American labor employed would be just so much less; in fact, German, Belgian, and Italian fuse manufacturers are only waiting for a lowering of the tariff to flood the United States with their product.

The reason why the American manufacturers need the protection of a duty is that materials and labor are so much cheaper in Europe than here. The four principal materials entering into the manufacture of fuse are jute yarn, cotton yarn, cotton cloth, and powder. Owing to the cheap foreign labor and the duties levied by this country the prices for these articles are considerably higher here than abroad; in fact, all the materials, except gutta-percha, used in the manufacture of fuse in the United States are manufactured in this country from raw materials with American labor.

European fuse makers employ about 20 per cent males and 80 per cent females; American, 65 per cent males and 35 per cent females. The comparison of the wages paid in the United States per day with those paid in England is as follows:

United States.—Males, \$1.60 to \$2 per day; females, \$1.05 to \$1.75 per day.

England.—Males, \$0.75 to \$1 per day; females, \$0.24 to \$0.37 per day.

Wages in Germany are about the same as in England.

The above is for ordinary labor only. Skilled labor, of which a very considerable amount is required, we are obliged to pay from \$2 to \$5 per day. Our hours of labor are a little less than nine hours per day, and we have absolutely no one in our employ receiving less than \$1.05 for same.

A further reason against reducing the duty is that we get practically no benefit in freight rates from being situated nearer the point of consumption than European manufacturers. The ocean freight rate on fuse is very small indeed, whereas it is rated as first-class freight in this country—1. c. l. and third-class c. l. To many points

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in this country fuse pays a smaller freight rate from European ports than from New York City.

In view of the above, we beg to urge you to retain the present rate of duty. To lower it will be to injure and perhaps cripple an industry which is important to the country. As above shown, it is a comparatively small one. A reduction of duty might easily go so far as to put the American factories out of business.

It would be unwise to put the mines of the United States in a state of necessary dependence on European manufacturers for their fuse.

ENSIGN-BICKFORD CO.,
JOSEPH R. ENSIGN,
Vice President.

BRIEF OF J. FITZ. BRIND, DENVER, COLO.

DENVER, COLO., *January 14, 1913.*

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Continuing the subject of my previous letters, I beg to state that the importation of fuse is approximately 5 per cent of the total consumption in this country. With a reduction of duty from 35 to 10 per cent, and the importation increased only fourfold (which is a reasonable estimate on account of the superior quality of the imported article and reduced cost to the consumer), the revenues would be even greater than at present. For instance, the annual revenue now amounts to about \$35,000, but under the new law, based upon the above estimate, it would most likely be increased to \$40,000.

Paragraph 437 should read: "Percussion caps, blasting caps, etc., 30 per cent ad valorem; mining or blasting fuse of all kinds, 10 per cent ad valorem."

That portion of the paragraph reading "not composed of cotton" should be eliminated, because cotton is exported to Europe from this country, and the increased duty to 45 per cent is wrongfully imposed on an American product.

No blasting caps are now imported because of the prohibitive duty, but if reduced to 30 per cent (same as sporting caps) the revenue would be considerably increased.

Some years ago a dealer had the temerity to import a lot of caps, but immediately upon arrival the trust reduced the price of the domestic article to such an extent that the importer was compelled to sell at a loss in order to get rid of them, all of which goes to prove that even at the lower price the cap monopoly managed to keep the proverbial wolf from the door.

The dutiable or market value of all grades of fuse should be precisely that of actual cost (as verified by United States consuls), and in that way avoid the useless annoyance and expense to the importer for reappraisal, because it is a fact that all such cases have heretofore been decided by the United States General Appraisers in favor of the importer and against the Government.

Additional duty, such as penalty on appraisers' advances, should be refunded if importers' values are finally sustained.

Very respectfully,

J. FITZ. BRIND.

BLIND MAN ASKS DAMAGES.

Rendered sightless by the premature explosion of a patent fuse, William B. Abrams, 43, a miner employed in the Camp Defiance mine in Garfield County, filed suit to-day in the district court against the Coast Manufacturing & Supply Co. and Ensign Bickford & Co. for \$50,000. These companies are represented in Denver by the California Powder Co.

To build fuse works, Vice President and General Manager A. H. Merritt, of the Cast Manufacturing & Supply Co., of Oakland, stated while in Livermore last week that building operations would be begun on their fuse works in that town about March 1, and that the plant would be running full blast by midsummer. There will be 29 buildings erected on their recently purchased property, and the total floor space in them will be between 4 and 5 acres. Most of these buildings will be small, but others will be 250 feet long. They will be built of corrugated iron, with hollow tile brick for fire walls. In addition to the factory buildings and an office building, there will be residences erected for General Manager Merritt, Assistant Manager T. W. Mor-

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ris, Traveling Expert G. H. Tod, and Superintendent A. S. Cole. There will also be bunkhouses for 20 Chinese workmen.

The above item was furnished by a San Francisco news agency, from which it can be reasonably inferred that the buildings to be erected within the short space of three months, and built of corrugated iron, etc., can not be very costly, yet the capital of the Coast Manufacturing & Supply Co. (of which R. H. Ensign, of Simsbury, Conn., is president) is capitalized for \$1,000,000, one-twentieth of which represents the buildings and machinery, while the remaining nineteen-twentieths are covered by good will and water—mostly water.

R. G. Dun & Co. also state that the parent concern (Ensign-Bickford Co., of Simsbury, Conn.) is a close corporation and highly prosperous. In proof of this, R. H. Ensign reported that the company had quite a large surplus over the capital stock of \$1,600,000, but did not care to state how much it really was, except that a large part of their assets were in the form of first-class securities.

SUMMARY.

The duty on safety fuse should be reduced from 35 to 10 per cent, for the reason that the production of that article costs less in this country than abroad. Cotton, which forms an important part of the imported fuse, is exported from this country to Europe, and the duty unfairly placed upon a domestic product.

The business in this country is practically owned by a trust (Ensign-Bickford Co.) which constitutes a monopoly, and President Wilson says "Business must be set free of any form or kind of monopoly."

A reduction of only 10 per cent (from 35 to 25 per cent) will be of little benefit, because the duty is applied to the cost at the factory, and would be equivalent to only 5 per cent to the consumer, after adding the duty, cost of transportation from the factory to the various points of consumption in this country, as well as only a reasonable profit to the importer and retailer.

American fuse is exported at 25 per cent less than for home consumption, and as the trust is just as eager to secure the foreign business as that at home, it must be obvious, even to the uninitiated, that a reduction of duty to that extent (from 35 to 10 per cent) will not affect American or Chinese labor.

Blasting caps for mining purposes, also manufactured by a trust (another monopoly), should be placed upon the same footing as percussion caps used by sportsmen, namely, 30 per cent ad valorem, instead of \$2.25 per thousand, and equal to about 100 per cent, which is nothing less than legalized robbery.

Documents in support of the above have already been submitted to your honorable committee.

Respectfully,

J. FITZ. BRIND.

DENVER, COLO., *December 17, 1912.*

THE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In my letter of 13th instant I inadvertently said "the original duties of the McKinley tariff were afterwards restored." It should have been the Dingley tariff of 1897.

In that act the duty on blasting caps was \$2.36 per 1,000—just 5 per cent more than the present duty of \$2.25.

No provision, however, was made for blasting fuse. The duty on gutta-percha covered fuse (that being the article of chief value) was 35 per cent, but if cotton was the principal item of manufacture it was 45 per cent, both being the same as at present.

There are only two factories in this country making blasting caps—the Metallic Cap Co. of New Jersey, with principal office in New York, but owned by the Du Pont Powder Trust, and the other in San Francisco, owned by the California Cap Co.—both factories employing less than 100 people altogether.

When the present outrageous duty was first placed on blasting caps, it was done on account of the high tax on alcohol, large quantities of which were used in the manufacture (12 parts of alcohol and 1 part of fulminate of mercury), but at the present time denatured alcohol at the cost of 60 cents per gallon (instead of straight alcohol at \$3 per gallon) is used, being only one-fifth of previous cost.

PARAGRAPH 437—AMMUNITION.**IN MEXICO.**

In Mexico there is a specific duty on blasting caps, as well as sporting caps, but the latter is ten times greater than the former, the actual rate on blasting caps being equal to an ad valorem duty of only 3 per cent instead of 100 per cent, as in the present Payne bill, while sporting caps are equal to 30 per cent.

Blasting fuse has a specific duty equal to 7 per cent ad valorem, instead of 35 per cent in this country.

Furthermore, importers of blasting caps in the city of Mexico are selling No. 3 (XXX) quality, at \$2.75 (United States currency) per 1,000, but in the United States, precisely the same grade of domestic caps (owing to the excessive duty) can not be had for less than \$5.50 per 2,000 which is exactly 100 per cent higher.

The result is, the American miners are robbed right and left, and it is high time they should get the relief they long have sought.

Respectfully, yours,

J. FITZ. BRIND.

BRIEF OF CALIFORNIA CAP CO., RELATIVE TO DUTY ON BLASTING CAPS.

WASHINGTON, D. C., January 27, 1913.

To the honorable Committee on Ways and Means:

The undersigned, California Cap Co., is a manufacturer of blasting caps, with factory located on San Francisco Bay, Cal. It does not manufacture percussion caps, mining fuse, cartridges, dynamite, or powder.

It asks that blasting caps be classified as at present and that the specific duty thereon be retained, as in paragraph No. 437 of the tariff act of 1909, for the reasons briefly stated below and to be accompanied with details if you desire further particulars in the matter of maintaining an exceptional industry.

1. The industry is small, but important. It is hazardous, and the capital invested is not large. Less than one and a half million dollars will cover the entire cost of the factories in the United States, of which there are four, all competitors.

2. Blasting caps are small, but essential to all blasting operations and the consequent industrial existence of the country. The cost of each cap is less than 1 cent, but the efficiency of expensive work, the life and limb of operator, and liability of employer depend upon its high quality.

3. From a tariff point of view, blasting caps are not revenue producers and never can be. The market is limited. Approximately \$800,000 worth is all that are consumed annually in the entire United States. A larger quantity of caps would not be used if given away, because only one cap is placed in each blast. The Du Pont Co. sells such enormous quantities of other explosives, in which blasting caps of uniform quality are so necessary, that we venture to say they would be compelled to continue manufacturing caps even at a loss, and could make their dynamite sales carry whatever losses there might be on caps; hence the importations would increase only by what we small producers would lose. Kill us in favor of possible revenue and the Government would not derive over \$25,000 per year, if that. On the other hand, our continued existence is worth infinitely more than this to the consumer and to the Government as well as to ourselves.

4. The results of a revision of the tariff, either by reduction or by an ad valorem rate, lower than 75 per cent, will be—(a) dangerous to the consumer. (b) Will not benefit anybody except importers. (c) Will leave the business in the hands of only one domestic factory and foreigners. (d) Will make the country dependent upon irregular supply because the opportunities for shipment are restricted on account of passenger vessels not being permitted to transport blasting caps. (e) Will necessitate the transporting and warehousing of large quantities of an article dangerous at its best. (f) Will encourage competition in cheap caps of insufficient strength, hence dangerous.

5. The United States Government appropriates nearly half a million dollars each year to its Bureau of Mines, one of whose aims is to encourage the general use of high-grade caps with all explosives so as to prevent one of the very menaces which a reduction in duty would stimulate, namely, the sale of cheap caps of insufficient strength to inexperienced miners and farmers who are using dynamite more extensively in agricultural pursuits. Modern high explosives are purposely made less sensitive so as to be handled with comparatively less danger. Being less sensitive they require larger and stronger caps. It is very dangerous and may cause inestimable losses in other ways if a low-grade or cheap cap get into any of these so-called "safety" or "per-

PARAGRAPH 437—AMMUNITION.

missible" explosives. Nevertheless the inexperienced are tempted to buy these cheap caps when they get a chance. So we feel that the good work of that bureau should not be blocked by a move to derive a few thousand dollars' revenue and at the same time bring about a condition which may cost the Government a few lives and several hundred thousand dollars to correct.

6. It is public policy to maintain the present ideal conditions, as to locations of blasting-cap factories on the Pacific and Atlantic coasts and in western Pennsylvania. There is also one projected in the Middle West. These factories make a convenient distribution of the product for the consumer to minimize the risk of accidents to the traveling public in the matter of having the dangers from transportation and storage not extend farther than necessary; and also having supplies available to the consumer not so far away as to make consequent high cost of freight and slower deliveries.

7. Consumers are satisfied with present conditions. They get a "square deal" and fare as well and in some instances better than consumers in foreign countries, both as regards price and quality. All of the caps that can reasonably be used in a round of blasts costs on an average of $2\frac{1}{2}$ cents per miner per day, for the best quality. Experience has proven that quality, reliability, and availability are more important to the consumer than saving the mere part of only 1 or 2 cents a day, when several hundred dollars' worth of work is so largely dependent upon it, to say nothing of possible personal injury or loss of life.

8. Blasting caps being contraband of war, it would be poor economic policy to kill so important an industry.

9. Canada has only one blasting-cap factory, which is sufficient to take care of the requirements there, and that Government recognizes the necessity of protecting it by tariff. No importations are made into Canada, either from the United States or elsewhere.

10. The present duty here is a fair difference between cost here and abroad on caps of desirable quality; it gives life to us, the independent manufacturers, and stimulates domestic competition.

In conclusion, a lower rate of duty can not make blasting caps a revenue producer, can not benefit the consumer, and can not continued the advisable existence of us small independent producers. The justice of maintaining the present specific duty, "blasting caps \$2.25 per 1,000," should therefore be recognized and this duty continued for the cogent reasons above stated.

Respectfully submitted.

CALIFORNIA CAP CO.,
By R. L. OLIVER, *Manager*.

BRIEF OF E. I. DU PONT DE NEMOURS POWDER CO.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: I would like to impress upon the minds of the committee the fact that the manufacture of blasting caps, considered as an industry by itself, apart from the manufacture of high explosives in the detonation of which they are required, is a business of small volume. The total trade in the United States does not exceed \$1,000,000 annually. This trade is supplied by three factories, and the total annual output is approximately 200,000,000 caps. The unit of production is 1,000 caps. Thus there are 200,000 units. It would seem, therefore, that from the viewpoint of revenue the industry, whatever the tariff may be, will be all but negligible. With the present tariff reduced it is doubtful if the revenue derived from importations would reach a total of \$75,000. This is on the assumption that the foreign manufacturers might supply one-half the caps annually consumed in the United States.

The effect a reduction of the present tariff, which is \$2.25 per thousand, would have on the business of the Du Pont Co., while important, is not vital. Our business consists chiefly in the manufacture and sale of explosives, and in order to protect the integrity of our product we will be compelled to continue the manufacture of caps whether we make any profit on them or not. Upon the quality of the blasting cap depends the efficiency of the explosive and the safety of those who are engaged in its use. While the cap itself is of little financial value, its importance in connection with the blast is vital. A strong cap means complete detonation, and complete detonation means a perfect blast free from dangerous gases. A weak cap means incomplete detonation and a consequent imperfect blast with the generation of those poisonous gases which are the terror of all miners.

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As the art of making explosives has advanced there has come into ever-increasing use the so-called insensitive powders, by which is meant those powders which are not as easily exploded as is straight dynamite and which require stronger caps to effect their explosion. So-called permissible explosives are examples of the result of the splendid effort which has been directed largely by the Bureau of Mines, fostered by the Government. Strong blasting caps are absolutely essential to the carrying out of the results and recommendations of the Bureau of Mines. Indeed, in all the literature sent out by the bureau it urges the use of strong caps and goes so far as to say, "Permissible explosives are permissible only when used with the caps prescribed by the bureau." None of these caps prescribed are of less strength than what is known as the No. 6 cap. Should this duty be reduced it would lead to the importation of cheaper low-grade caps, which would be a menace to the lives of all who use them. This is the most serious phase of this question.

I have been in the business of manufacturing and selling explosives for 30 years, and I would say that, in view of the reduction of fatalities since the so-called safety explosives have come into use, if it were in my power I not only would forbid the importation from abroad, but the manufacture at home of the low-grade caps. It is true that for many years they were considered good enough to explode dynamite, but we have learned after bitter experience, having seen the terrible toll in human lives collected through the years, that they are not good enough. We know now that the stronger the cap the more complete and safer the explosion, and, in view of the ever-increasing uses to which dynamite is being put, this feature of safety should be considered of primary importance. I doubt if the members of this committee, or indeed anyone not engaged in the manufacture of explosives, appreciate the extent to which dynamite is now being used for agricultural purposes—not only in blowing up stumps and breaking bowlders, but in planting trees, digging post holes, ditching, draining swamps, and subsoiling vast areas. This means that dynamite is to be handled by thousands of inexperienced people and emphasizes the importance of throwing around it every safeguard possible, and, above all, of decreasing its sensitiveness. The less sensitive the dynamite the stronger the cap must be.

The American manufacturers of caps do not exact from the American consumers of caps an unreasonable profit, and if the members of this committee have any doubt on this subject our books are open for their inspection. Every additional advantage that comes to us in the manufacture finds its way to the consumer. As an instance, with the reduction in the cost of manufacture that came from the use of tax-free alcohol, we passed the advantage to the consumer. On the No. 6 cap this represented a reduction of \$1 per thousand. I would frankly state that on the actual investment the du Pont Co. has in the business of manufacturing caps, hazardous though the business is, their return does not exceed 13 per cent.

Summarizing, I would give the following reasons why a continuation of the present tariff seems advisable:

First (and most important). To keep out of this country weak, foreign caps, the importation of which is a menace to the lives of American workmen not only in mines but in tunnels or on the farm or wherever they may be engaged in handling explosives.

Second. So that American manufacturers will not be tempted in order to meet increased foreign competition, to take a backward step and produce in their own factories the weak and inferior grades of caps which they and the Bureau of Mines have in recent years so urgently advised consumers not to use.

Third. Because it can be shown that the foreign manufacturer contemplates making this country a dumping ground. This is shown by prices quoted by German manufacturers for shipments to this country and Mexico as compared with their domestic prices, export prices being from 40 to 45 per cent less than the price to home consumers. To be more specific, they offer for shipment to this country at \$1.96 per thousand the same weak No. 3 caps for which they charge their home consumers \$3.57 per thousand. They offer their No. 6 for export at \$3.57 while for home consumption they quote \$5.95, a difference of \$2.38, which is more than the present tariff of \$2.25.

Fourth. Because the difference in cost to manufacture in this country the grade of caps American consumers now recognize as a minimum reliable quality and the weak, inferior grade that would be imported from Germany under a lower duty is about equal to the present duty per thousand.

Fifth. Because American manufacturers are not taking advantage of American consumers by requiring them to pay the limit the present duty would enable them to exact, but are in fact selling caps at a profit of about \$1 per thousand, which is less than one-half the duty of \$2.25; thus making the present tariff serve the purpose, not of filling the purse of American manufacturers but of helping to educate American

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consumers to the use of caps that will render less frequent the terrible accidents of which we so often read where unexploded dynamite left after a blast subsequently explodes from the use of a pick or a steam shovel.

Sixth. Because the demand for the reduction of this duty comes from importers and jobbers eager to make a small profit by handling the cheap foreign article.

In conclusion, permit me to express the hope that the Congress of the United States that so wisely legislated to protect the consumer against impure food and adulterated drugs, will not, on the chance of securing the merest pittance in the way of revenue, take a step that will practically nullify the successful efforts made by those people who have worked to the end that every possible precaution and safeguard may be thrown around those who handle explosives. Do not invite a return of that awful death that so long "lurked in the blast."

Respectfully submitted.

E. I. DU PONT DE NEMOURS POWDER CO.,
By W. B. LEWIS.

WASHINGTON, D. C., *January 30, 1913.*

BRIEF OF F. BEHREND, NEW YORK, N. Y.

NEW YORK, *January 18, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: I respectfully call your attention to the high import duty on blasting caps used by miners, paragraph 437. The duty of \$2.25 per 1,000 caps, at the present price of detonators in Germany, would mean about 107 per cent, which duty is prohibitive. As much as I know there is only one firm manufacturing these blasting caps in this country, and they have a monopoly for this article. A duty of 25 per cent, in my opinion, would be ample protection.

I also would suggest that one rate of duty on mining or safety fuses should be made, no matter out of what material they are manufactured. The present tariff is not very clear on this article.

Thanking you for giving this your kind attention, I remain,

Very truly, yours,

F. BEHREND.

German detonators, or blasting caps.

1,000 detonators, No. 3, in Germany.....	\$2.10
Import duty per 1,000 detonators.....	2.25
Equals an ad valorem duty of 107 per cent.	

UNION CAP & FUSE CO., CLEVELAND, OHIO, RE BLAST-
ING CAPS.

WASHINGTON, D. C., *January 30, 1913*

COMMITTEE ON WAYS AND MEANS,
Sixty-second Congress.

GENTLEMEN: In the interest of the Union Cap & Fuse Co., of Cleveland, Ohio, incorporated under the laws of New Jersey, I, as a representative of this company, do hereby petition that the tariff on blasting caps shall not be lowered from its present duty of \$2.25 per thousand.

Our argument is, that not only the raw materials which enter into the manufacture of blasting caps, namely, copper, mercury, alcohol, chlorate of potash, and nitric acid, but also labor, can be obtained at such a low rate in foreign countries, especially in England, Germany, and France, as compared with that obtainable in our country, that unless the existing prices of these raw materials and of labor can be reduced in an exact proportion to the amount of any reduction in the tariff on blasting caps our development of successful or practical results is highly problematical.

We started our company only a few months ago in the belief that there is room for one more producer to operate in competition with existing United States manufactories, and while our investigation of possibilities in the venture are not extravagant, we have faith that we can pull our company through to a level of reasonable success. The summing up of our investigation and formulation of our plans are based on market conditions that have prevailed in the United States in the past and do not contemplate

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competition with products manufactured under more favorable conditions as to cost of materials and labor.

Relative to a situation that would place us in competition with foreign makers, we believe ourselves to be at a great disadvantage in the purchase of what constitutes to us raw materials inasmuch as conversion of same from the crude requires in our country labor that receives wages largely in advance of what is paid in other countries. This also applies in converting by our factory these raw materials into finished products such as blasting caps.

Gentlemen, I believe you can readily understand our position in opposing a reduction of the tariff, and again ask that it remain at its present figure. I wish to thank you.

Respectfully submitted.

UNION CAP & FUSE CO.,
PLUMER WHEELER, *Manager*.

ROCKEFELLER BUILDING, *Cleveland, Ohio*.

**STATEMENT FROM FORT PITT POWDER CO., KITTANNING,
PA., RELATIVE TO BLASTING CAPS.**

WASHINGTON, D. C., *January 29, 1913.*

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to that portion of paragraph 437 of the tariff act of 1909 relating to blasting caps, I beg to submit the following statement, which will disclose to you the position in which we will be placed relative to the manufacture of blasting caps, should the duty on same be reduced.

First. It will compel us to close our plant. At the present time we are not making any profit on caps, because it is impossible to compete with foreign caps and even with domestic caps, except in districts tributary to our own factory and at the same time maintain the high quality which is necessary in order to insure perfect detonation of the high explosives now being marketed. The Bureau for the Safe Transportation of Explosives and also the Bureau of Mines have done good work to secure high explosives of the least sensitive nature for the protection of life and property. It is necessary that caps of highest quality and strength be used for these modern and insensitive explosives. Materials and labor cost us considerably more here than in foreign countries: we even buy empty shells in Germany and pay 45 per cent duty, finding it cheaper than to manufacture them here. The close competition within the United States on both foreign and domestic caps compels us to market our product at little or no profit, and our books will verify this by an inspection, if desired.

Second. An example of our position as compared with foreign caps can be brought before you by the fact that we are now figuring with a view of securing the business of a Pennsylvania company who import three to six million caps per year; the price which we quoted them was figured on a basis of profit less than 10 per cent to us, and we were informed that this company are now buying caps from Germany delivered here, duty of \$2.25 included, at a lower price than our quotation. They now purchase in lots of 3,000,000 or more, so as to get the benefit of the minimum freight rate, and at that they have to depend upon tramp steamers, which often cause annoyance by delays, because steamers carrying passengers are not permitted to handle blasting caps. Also, handling and storing in large quantities is a great risk to both life and property in case of fire or explosion. Prices being equal, they would prefer to buy at home, as they could then purchase a smaller quantity at more frequent intervals, but we can not figure low enough to get the business.

Third. We do not export any caps because we can not compete abroad with foreign manufacturers.

Fourth. There are only a few companies now manufacturing caps in the United States; the business of all combined is not large. We are operating a plant which has a capacity of 20,000,000 caps per year, representing in value an aggregate of only \$100,000, and this we estimate to be not over 10 per cent of the business done in this country. It is not possible to operate a smaller plant with any degree of economy.

Fifth. The cap industry is small from a money standpoint, but it is highly essential to the explosive business which must have caps in order to detonate dynamite or high explosives, and caps only of the highest quality should be used in order to attain any degree of safety to life and property. I have no doubt every intelligent con-

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sumer will uphold you in encouraging the high standard of caps of these manufacturers. A reduction in the duty will inspire jobbers to import and urge upon the innocent or inexperienced consumers a cheap quality which will be a menace to life and other property just for the sake of the importer getting a little more profit.

Sixth. The blasting cap item will never produce revenue from tariff, because it is such a comparatively small industry, and revenue should not be expected from it; because it is different from other industries in that it is so dangerous that only a few go into it. We are in it, for instance, because it is necessary to other of our interests, but from a manufacturing standpoint it is not as profitable under the present duty as are groceries or innumerable lines of general merchandise which do not carry the great risk, so I respectfully urge a continuance of the present duty of \$2.25 per thousand, thereby not in any way hurting the interests of the consumer and giving the manufacturer a chance to do business, although not as profitably as such a dangerous business should be compensated for, but at the same time enabling us to do business not at a loss.

I might add further that it is really to the consumer's interest to have what few cap factories there are maintained so that they will not have to be dependent upon a foreign source for so dangerous and important a part of their work, especially as the present price which the consumer pays for caps is very reasonable and he is not complaining.

Very truly, yours,

R. T. LYTLE,
General Manager, Fort Pitt Powder Co.,
Pittsburgh, Pa.

STATEMENT OF EMPIRE DYNAMITE CO., CHICAGO, ILL., RE DUTY ON BLASTING CAPS.

CHICAGO, ILL., January 18, 1913.

Hon. OSCAR UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We wish to inquire if it would not be possible to obtain a readjustment of the duty on this commodity. At present the rate on blasting caps is \$2.25 per thousand irrespective of the grade; that is, whether it is of No. 4, No. 5, or No. 6 quality. We think that this high duty is out of all proportion for the cost of the article, and herewith submit a few facts in connection with the same for your valued consideration.

No. 4 blasting caps (commonly called quadruple force) at present take a list price of \$6.65 per thousand in this country.

Trade discount on same is 15 per cent off in small lots and 25 per cent off in case lots of 20,000 and over.

Our cost on No. 4 cap is about \$4.70 per thousand. Thus, in handling in case lots and over, there is practically no margin on the material.

We wish to advise you that we can purchase this same article at a price of about \$2.40 per thousand f. o. b. Hamburg, Germany, or about \$2.70 per thousand delivered f. o. b. New York free of duty. You can therefore see that the duty of \$2.25 per thousand approximates almost 100 per cent, and this on an article which is an absolute necessity in the development of this country.

In addition to this it may not be commonly known, but the only concern that has heretofore been in position to supply blasting caps is the United Cap Manufacturing Co., of New York, which is owned and operated by the E. I. Du Pont de Nemours Powder Co. As you are probably aware, this is the chief powder concern in this country, and thus every time we purchase blasting caps we have to pay tribute to our own competitors. If we were helping a half a dozen or more American manufacturers pay their workmen a living wage by reason of this \$2.25 per thousand duty on the blasting caps, we would feel satisfied it was for a good purpose and would have no objections, but as the situation stands at present we are simply paying tribute to our strongest and hardest competitors, and every shipment of case lots and over, they are necessarily aware of its destination and are therefore in a position to derive valuable trade information from this source in addition to the profit they obtain from the results of our efforts.

We sincerely trust that you will see the injustice of the present situation on this commodity and that there may be some relief from same under the present revision of the tariff.

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Any of the above statements can be readily verified from either of the other independent powder companies in the field, or probably from the cap manufacturers named above direct.

Thanking you in advance for the courtesy of a reply in regard to the foregoing, we remain,

Very truly, yours,

EMPIRE DYNAMITE Co.,
Per WM. A. LAUFERMAN, *Secretary*.

CHICAGO, ILL., *February 8, 1913.*

Mr. DANIEL C. ROPER,

Clerk Committee on Ways and Means, Washington, D. C.

DEAR SIR: With further reference to our letter of January 18, and your acknowledgment of January 21 with reference to duty on blasting cap, we note that we made an error in the name of the cap manufacturing company in stating same as the United Cap Manufacturing Co., of New York, whereas it is the Metallic Cap Manufacturing Co.

For further consideration as to whether this duty should be removed we overlooked mentioning one of the principal reasons—the fact that at present in shutting out the foreign caps it is keeping off of this market a safety blasting cap.

This is something that is sadly needed in this country, and it is very probable if there was local competition this would have long ago been placed on the market in this country. There is no patent covering the manufacture of the same, and they are manufactured by foreign countries and are in general use. They cost no more than the other kind, and would be the means of eliminating many accidents that at present occur only too frequently if they could be placed on the market in this country. With the duty removed it would be possible to import the safety cap.

This for further consideration by the committee when the matter is taken up.

Yours, very truly,

EMPIRE DYNAMITE Co.,
Per WM. A. LAUFERMAN, *Secretary*.

THE ÆTNA POWDER CO. WRITE CONCERNING PERCUSSION CAPS.

JANUARY 29, 1913.

The WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.:

As large manufacturers of high explosives, we are vitally interested in the consumer using efficient detonating caps with our explosives whether the caps be purchased from us or through others. An inefficient cap causes incomplete detonation of high explosives, thus giving poor results and increased hazard to the consumer. This in turn reflects back on the maker of the high explosives. Our experience, extending over a long period of years, has proven to us conclusively that caps imported by us and by others have not been efficient. If the present tariff means efficient caps we strongly urge that it be maintained.

THE ÆTNA POWDER Co.

BRIEF OF THE UNION METALLIC CARTRIDGE CO., BRIDGEPORT, CONN.

BRIDGEPORT, CONN., *January 31, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

SIRS: With respect to paragraph 437, in Schedule N, fixing duty on imports of cartridges, the undersigned urge that there be no change in this item, and for two reasons.

(1) The difference in the factory cost of this product abroad and in the United States is entirely sufficient to support our contention. In the factory cost the item of labor alone shows the manufacturer in Europe to have a marked advantage over the American manufacturer. The existence and the degree of this advantage have been so often demonstrated that a repetition of figures now is believed to be entirely unnecessary. The disadvantage of the American manufacturer is, indeed, no more than offset by the present duty.

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(2) A fundamental reason against reducing the duty on this article is based upon the relation of domestic ammunition factories to the Government. Compared with the ability of certain foreign countries to produce ammunition, our Nation is very much handicapped, even if we include both the public and private factories in this country.

Thus recently one German factory is currently reported to have accepted a single order from the Turkish Government for just about twice the number of cartridges that all the private plants in the United States can make in a year. So far as available figures make an estimate possible, the public and private factories in the United States taken together can now make scarcely one-half of the number of cartridges made by a single German factory privately owned. A comparison of the capacity of our domestic plants with foreign plants, when foreign Government plants are included, would still further emphasize the complete inadequacy of our equipment in this regard, particularly in time of war. Furthermore, in 1911, Germany exported to European Turkey alone cartridges valued at more than \$1,600,000.

But, even in time of peace, the shortage of ammunition is such "as to cause grave concern to this department." (See Report of Chief of Staff, U. S. Army, 1912, p. 30.) Also, as to the larger types of ammunition our Army has not an amount which would be sufficient "for a single engagement of the character of the engagements in either the Russo-Japanese or the present Balkan war." (See Report of Secretary of War, 1912, p. 25.) On January 30, 1913, on the floor of the House, Congressman Sherley said: "In no particular are we so unprepared as in connection with ammunition for the mobile artillery. * * * " (Congressional Record, p. 2338.) The situation is also reflected by the fact that, as to ammunition for field artillery of the militia, the estimate for 1912-13 was \$1,500,000, while the appropriation was \$100,000. (Report of Secretary of War, 1912, p. 182.)

In 1905 only three private American factories were each capable of producing ammunition valued at more than \$1,000,000. The Government thus is really and vitally dependent upon these few private establishments; and the practical question, and one of national importance, is whether these private plants are to be reduced in size and efficiency by any change of the tariff that could benefit only foreign manufacturers.

Respectfully submitted.

UNION METALLIC CARTRIDGE CO.,
By GEORGE W. JENKINS, *Treasurer.*

BRIEF OF THE AMERICAN AMMUNITION CO., CHICAGO, ILL.

CHICAGO, ILL., *January 7, 1913.*

HON. OSCAR W. UNDERWOOD,
Washington, D. C.

HONORABLE SIR: When you arrive at Schedule N, Sundries, we wish to ask if you will give a little attention to paragraph 437 "Percussion caps, cartridges, and cartridge shells empty, 30 per cent ad valorem," as this gives the same tariff on the empty paper shell as it does on the finished cartridge, which should not be, the "cartridge" being a finished product, while the "empty shell" is practically a raw material—it taking powder, wads, short, primers, and labor to make a "cartridge" out of it, to say nothing of paper boxes, wooden boxes, labels, and labor to pack them for market.

Owing to this equal tariff it is unprofitable to import the empty shells to be filled and completed in this country. The duty on these empty shells should be for revenue and if placed at, say, 10 per cent or so, we and other independent loading companies would import tons of them to be finished here. At present the protective tariff protects the three large factories making them in this country, as the smaller concerns loading must purchase empty shells from them at 50 per cent above cost to make. Empty shells that cost \$4 per 1,000 for the American factories to make, we must pay them \$7.50 to \$8 per 1,000 for. This owing to high tariff. At a tariff of, say, 10 per cent, we could import 5,000,000 per year which is our capacity, which, at a cost of \$5 per 1,000, would mean \$2,500 revenue, where at the present time we import but very little raw material.

"Paper gun wads," paragraph 441, Sundries, Schedule N, which are now 20 per cent, could possibly be reduced to 10 per cent, and if so we would be able to import about 15,000,000 per annum, which would mean more revenue.

If you will give these items a little attention you will certainly confer a favor upon us and others, and increase the revenue from a line of material that at present is bringing in practically no returns to amount to much of anything.

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We know your time is very limited, and do not like to bother you with these small items when you are fighting on "wool," cotton, lumber, etc.—that are large propositions—but we voted for "Tariff for revenue only," and not for protection of certain firms, and these two little items fall under that head if anything does. We trust there will be a downward revision all along the line on goods controlled by a few large factories, as in this instance.

Respectfully, yours,

AMERICAN AMMUNITION CO.,
Per M. B. PAGE.

**WINCHESTER REPEATING ARMS CO., NEW HAVEN, CONN.,
IN RE AMMUNITION.**

NEW HAVEN, CONN., *January 27, 1913.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: In giving consideration to paragraph 437 of Schedule N, relating to cartridges, cartridge shells, etc., we ask you to give attention to the differences in the manufacturing conditions which exist in Europe as compared with those with which the American manufacturers have to contend.

The continental manufacturer is equipped with loading machinery which, for efficiency, is regarded as quite the equal of that used by the American manufacturers, so that so far as the mechanical element is concerned the manufacturers of this country have no advantage.

The continental manufacturer has a decided advantage in the cost of labor, their wage rates being but 25 to 60 per cent of that paid by the manufacturers in this country, an advantage which no amount of automatic labor-saving machinery or other economic means have thus far been able to overcome.

The foreign manufacturers also have an advantage in lead, which constitutes about one-third of the cost of ammunition, they being able to purchase this metal on an average of about 30 per cent less than that for which the American manufacturer can purchase it, while the American manufacturers, for use in the foreign trade, can, by the use of foreign lead, under the drawback provisions of the customs laws, obtain a return of 99 per cent of the duty which they pay; with the expense incident to the collection of this drawback, made necessary by the segregation of materials and the maintenance of records and accounts, the manufacturers are able to obtain a net return of but 1.99 cents per pound, as compared with the duty of 2.125 cents per pound, which they pay; but even with this benefit they are still unable to overcome the difference in the manufacturing costs which exists between the United States and the continental countries.

That there is any demand for American-made ammunition in the continental countries can be accounted for only in that the foreign owners and users of American-made arms, in order to obtain the best results therefrom, naturally use, but to a limited extent, American ammunition at an increased cost over like ammunition of European make.

The price of American-made ammunition is not excessive and could not be, by reason of the keen competition among the various manufacturers of this country, which is believed to be as great as that of any other commodity in trade.

The present tariff rate does not unduly enhance the price of ammunition, which, considering the amount of capital and skill involved, with the possibility of casual injury to life and property incident to the manufacture and handling of explosives, brings far from excessive returns. Any material reduction in the present tariff rates will bring the American manufacturer into conflict with foreign conditions, with which they have no practical way of competing.

This corporation employs in the small-arms ammunition branch of its manufacture alone on an average of 2,000 experienced people, whom, together with those similarly employed throughout the States, we submit should be, so far as possible, encouraged and kept in practice for the common good of the country, and we therefore earnestly trust that there may, at this time, be no change made toward lowering the rates by your committee.

Respectfully,

WINCHESTER REPEATING ARMS CO.,
G. E. HODSON, *President.*

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Feathers and downs of all kinds, including bird skins or parts thereof with the feathers on, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in this section, twenty per centum ad valorem; when dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, and also dressed and finished birds suitable for millinery ornaments, and artificial or ornamental feathers, fruits, grains, leaves, flowers, and stems or parts thereof, of whatever material composed, not specially provided for in this section, sixty per centum ad valorem; boas, boutonnières, wreaths, and all articles not specially provided for in this section composed wholly or in chief value of any of the feathers, flowers, leaves, or other materials or articles herein mentioned, sixty per centum ad valorem.

FEATHER MILLINERY.

TESTIMONY OF DR. WILLIAM T. HORNADAY, NEW YORK
ZOOLOGICAL SOCIETY, NEW YORK CITY.

Dr. Hornaday was duly sworn by the chairman.

The CHAIRMAN. Proceed, Doctor.

Dr. HORNADAY. Mr. Chairman and gentlemen of the committee, I appear before you on rather peculiar grounds. I think that all of the gentlemen who have been heard by you up to this time have appeared before you representing personal, partnership, or corporate interests. I might even call them selfish interests, because they are not interests that are supposed to represent the people of the country at large. It is natural that business should seek to protect and promote itself. The footing on which Mr. Pearson and I appear before you is entirely different. The organizations which we represent have no favors to ask for themselves and no selfish ends to serve. It is not going too far for me to say that we appear here representing the people at large of the United States and beyond.

Mr. FORDNEY. What paragraph, sir, do you refer to?

Dr. HORNADAY. My section is feather millinery—the importation of plumage of wild birds, for feather millinery.

Mr. FORDNEY. Thank you.

Dr. HORNADAY. In these days, the great force that we call progress is continually bringing before you new conditions. I think it is probably no exaggeration to say that three-fourths of the time of the Congress of the United States is devoted to the consideration of measures intended to adjust this country to new conditions. Now, that is precisely why we are here.

The importation and use of the plumage of wild birds for millinery purposes is not absolutely new. It has been going on for many years, but certain forces now operating have brought about what I might properly characterize as new conditions. Those conditions are the enormous activity that now prevails throughout the world in the slaughter of wild life generally. That is a story I need not rehearse to you. You are all familiar with it. This Congress has done its part in seeking to arrest the grinding up and pulverizing of the forces and products of nature as found in our country. You have made many national forests for the conservation of our timber; you have made many national parks, and you have made many game preserves and bird refuges, and the subject is not new to you.

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Therefore we approach it with considerable confidence, and I want to call attention to what is now going on throughout the world at large in the destruction of the most beautiful and most interesting birds for commercial purposes. Those commercial purposes might be summed up in two words, "Commercial millinery." My colleague, Mr. Pearson, of the Audubon Society, will tell you about the destruction of birds in our own country. I shall endeavor to leave that branch of the subject entirely to him. My field is beyond our own country.

It is unfortunately true that no wild-animal species can possibly stand exploitation for commercial purposes. That is a principle that applies all over the world, and to it I think there is not one exception. It is unfortunately true that for every product of nature that can be exploited by a man at profit, whether it is 1 cent or 10 cents or \$50, that product, whether it is bird, mammal, fish in the sea, or what not, will be pursued by man, and if his efforts are not arrested it will be wiped out of existence. If I had time, I would be glad to cite the extermination of a number of species to prove that; but, as an appendix to my brief, I shall include a list of 11 species of North American birds that have already been totally exterminated from off the face of the earth and a list of about 25 more that are now on the road to extermination.

The trouble is that a man who seeks a bird product for profit is relentless. He works while the bird protectors sleep or enjoy life. He is always there, and the demands of the feather millinery trade of London and Paris and Berlin are felt to-day in the most remote and inaccessible corners of the world in the destruction of wild life.

Now, to show you very briefly how this is worked out practically I have brought a few specimens here, all of them from beyond our own borders.

In the book that has recently been placed in your hands by the zoological society you will find a list of 60 entries, Mr. Chairman and gentlemen, which represent not only 60 species, but inasmuch as several groups are included in a single line, it represents at least 100 species of birds of the most beautiful and most curious in the world, that are now being diligently sought wherever they are found, being actually exterminated by the feather trade. The demands of the feather industry are absolutely inexorable and remorseless. It has been well said by one of the bird protectors of London, in the course of the great fight being made against the feather industry, that "The women of the smart set are beyond the reach of appeal or protest." It is impossible to put any tariff on goods of this kind which the wealthy will not consent to pay. I think if you put a price of \$100 an ounce on egret plumes there are women who have unlimited wealth and who want the aigrettes who will pay it without the slightest thought.

Now, what we are here to ask is the absolute prohibition of the importation of the plumage and skins of all wild birds for commercial purposes.

Mr. HARRISON. Does that refer to birds of all kinds or only the egret?

Dr. HORNADAY. Wild birds of all kinds.

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There is, as you will see in that list, Mr. Chairman, a very wide range to the subjects whose feathers are used in millinery purposes. Even the vultures and condors do not escape, and it includes not only the egret, of which we have heard a great deal, but birds of paradise, pheasants, crown pigeons, and a list of species too long to read.

To begin nearest home, I am going to show you the feather milliner's horn of plenty, just to show you that nothing is too humble and no price too small to engage the attention of the feather milliner. There are a lot of skins of humming birds, gentlemen, purchased in London by a representative of the Zoological Society, who attended a London feather show last year. At what price do you suppose? Those came from the headwaters of the Amazon, most of them, and most of those birds traveled 5,000 miles to get to London, 1,500 miles by boat on the Amazon River, where they were collected by native Indians in the depths of the forests of Venezuela and Brazil. Those were purchased in London, 1,600 of them, at 2 cents apiece. Those brought to the man who collected those skins less than 1 cent apiece, and yet that pitiful price is not too small to justify the destruction of those beautiful birds.

The destruction of humming birds, gentlemen, comes pretty close home. Plant a creeper over the door of your veranda and you will have humming birds there. They will be a delight to your wife and children every summer, and the feather millinery trade of London strikes a blow at those birds. That is how near it comes to our wives and children. There [indicating] is one of the most beautiful birds in the world. That is the resplendent trogon, or quetzal, the national emblem of the State of Guatemala. That bird is now becoming so rare and so nearly extinct that money can not buy a live specimen for us to exhibit in New York. There [indicating] is a South American species of the beautiful cock of the rock, found in the Andes of Ecuador and Peru. That is a species which they are now just beginning to exploit in a wholesale way. If we permit the importation of that bird to the markets of the United States in order that its plumage may be used for millinery purposes we will contribute to the extermination of that beautiful species.

There [indicating] is a specimen of the bird of paradise, similar to the one that was shown here yesterday. This comes from the Ara Island, in the Malay Archipelago. It is an insular species, and you all know that there is nothing more easy to destroy in life than an insular species. There [indicating] is a greater bird of paradise, that exactly resembles that bird, but it is larger. Those skins are worth in London all the way from \$17 to \$40 apiece. In this country the millinery concerns and the dry-goods concerns in the larger cities are being flooded with heads and plumes of this bird and its sister species, the greater bird of paradise, to be sold for millinery purposes, and the prices range from \$37 to \$60.

In far away Indiana, where one would least expect to see things of this kind, I saw in the windows of some stores that were within 100 feet of the door of the hotel in which the Fourth National Conservation Congress had its headquarters 11 specimens of this bird displayed for sale, and as I stood gazing in at one of those windows and wondering who in Indianapolis could afford the expense of wearing specimens of that kind, costing so much money, the answer

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approached. It was a tall lady, about 6 feet in height; muscular. She would have graced any hand laundry in Washington City or in New York. She was accompanied by a companion, and she pointed a large and muscular finger at one of those birds and said, "There; I want one of them, and I'm going to have it, too." That was my answer.

Now, the worst of it is that these two birds of paradise, with those yellow plumes that you can recognize wherever you see them, are now not only going to be exterminated, but they are practically exterminated. The forests of the Ara Islands and the Island of Jobi, which once contained countless thousands of those birds, have been combed out by the natives of those islands, who climbed up in the tree tops with their blowpipes, in order to shoot these birds without making any noise. Those islands have been combed out to such an extent that, instead of seeing thousands of them in a morning's walk, as was formerly the case, the last naturalist to visit these islands said that it was now possible to walk through those forests without seeing one bird.

Now, what right have we, the people of the United States, to contribute to the extermination of these beautiful species?

There is another phase of the subject, which is totally different. The defenders of the use of the plumage of wild birds in feather millinery will tell you that it is all right for the plumage of game birds to be used. Now, let us see how that works out practically.

Here are the remains of a silver pheasant that was killed in the northern part of Burma. It was seized 18 months ago in the custom-house at Rangoon, with about 800 others, when on its way for surreptitious exportation, contrary to the law, to the feather markets of London. Now, the point that I wish to make in this matter is this: Here is a game species, a species of game bird, actually being exterminated, and not for its flesh, but for its feathers for the feather trade.

Gentlemen, the New York Zoological Society of 1,900 members is utterly opposed to the extermination of different species of birds and mammals for commercial purposes. It is utterly opposed to it, and I believe that if a vote of the people at large of the United States could be taken to-day, you would find 89,900,000 people opposed to it.

Mr. HARRISON. Dr. Hornaday, your time has expired, but I would like the privilege of asking you one question about the practical side of this legislation. Suppose that we should prohibit the importation of any game birds or their feathers, or any wild birds or their feathers, what effect would that have upon the destruction of our wild birds in the United States?

Dr. HORNADAY. I think it would have no appreciable effect. We have the situation in regard to our game birds so well in hand that the destruction of birds for their feathers is hardly to be considered. Mr. Pearson will handle the question of our native plumage birds, so that I will leave that entirely to him.

Mr. HARRISON. Have you any questions, gentlemen?

Mr. PALMER. Are there any countries which now prohibit the importation of this class of goods?

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Dr. HORNADAY. I am sorry to say that there are none.

Mr. HILL. Doctor, here is a consular report that shows that Australia prohibits it.

Dr. HORNADAY. That relates to Australia's own birds. There are many countries that prohibit the use of the plumage of their own birds, just as we do; but I think there is not any nation which covers the birds of the whole world in its duties.

Mr. PAYNE. Where would the ladies get their hats? They seem to be necessary, and every woman has a feather on her hat, even if it is a rooster feather. They all have some kind of a feather on their hat, and where are we going to get them from?

Dr. HORNADAY. I am glad to be able to answer that question, and I am glad you asked that question.

The ostrich industry is now a very important industry. It produces millions of dollars worth of feathers every year. It is becoming an American industry. There are several flourishing ostrich farms in this country, in Arizona and southern California; but here is the curious feature of it: The milliners of Paris dictate the fashions for American women, and they say that inasmuch as ostrich feathers have now become sufficiently reasonable in price that people in moderate means can have them they will not use any more in the Parisian designs, and to-day the millinery designs that come from Paris are entirely without ostrich feathers.

Mr. PAYNE. Suppose those Paris milliners should take some of our native birds, game birds and introduce them as the fashion, what would be the effect upon our birds?

Dr. HORNADAY. They would be unable to get any of our game birds out of our country. The different States so well protect their game birds from exportation, both in the flesh and as skins, that it would be utterly impossible for Europe or any other country to draw anything from America.

Mr. HARRISON. We thank you very much, Dr. Hornaday. You have until Saturday night to file your brief. If you wish to extend your remarks, the committee will be very glad to have you do so.

Dr. HORNADAY. I have omitted to show you the most wonderful product of the Avian world with which I am acquainted. This is the lyre bird from Australia. Australia is struggling to preserve this species from extermination. Three weeks ago I saw the lower half of one of these feathers on a hat in New York City. There is a fine of \$250 for the exportation of the skin of a lyre bird from Australia to-day, and yet I have been recently told of the exportation of 150 skins into the American feather market.

I thank you for your attention.

Mr. PALMER. Is there any attempt being made in France to secure legislation to prohibit the importation of birds into that country?

Dr. HORNADAY. The attempt is so slight that it can not be called an attempt.

Mr. PALMER. Is not that really the key to the situation?

Dr. HORNADAY. The feather industry in Paris is particularly strong. The French people and the French Government have been approached by the people in London who are fighting to prohibit the use of the plumage of these birds and the reply is, "This means a

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great deal to our people; if such a law should be passed, it would throw a great many of our people out of employment." The trade wants the money.

Mr. PALMER. It would change the style of the millinery of the world if the importations into France were prohibited, would it not?

Dr. HORNADAY. It would make some changes. Unquestionably as yet, the milliners have never thought of the possibilities in hand embroidery in millinery for women's hats.

BRIEF AGAINST THE TRAFFIC IN THE PLUMAGE OF WILD BIRDS FOR MILLINERY AND OTHER COMMERCIAL PURPOSES, AND THE EXTERMINATION OF BIRD SPECIES, SUBMITTED BY WILLIAM T. HORNADAY FOR THE NEW YORK ZOOLOGICAL SOCIETY.

It may be estimated that fully two-thirds of the time and labors of the United States Congress are devoted to efforts to adjust the laws of this Nation to the new conditions that constantly are arising. To-day the attention of the House Committee on Ways and Means is devoted almost entirely to the consideration of demands that are made because the old order has passed away, and new laws are necessary to meet new emergencies for the greatest good to the greatest number. To-day measures are vitally necessary which even 20 years ago would have been regarded as revolutionary and impossible.

I appear here representing the New York Zoological Society, with a membership of 1,900 persons, to lay before you an exhibit of facts illustrating conditions that are entirely new, and of pressing importance to the American people.

The feather trade, and the makers and users of the plumage of wild birds, are slaughtering the most beautiful birds of the world, in nearly every unprotected region of the world. This slaughter is so fiercely vigorous, so relentless, and so cruel that species are being exterminated at a rate so alarming as to arrest the attention of all civilized nations. The time has now come when the Christian nations of Europe and America must stop this commercial slaughter, or else see hundreds of species of the most beautiful and most interesting birds of the world absolutely exterminated. I appear here to-day to ask this committee and the Congress of the United States to stop absolutely, so far as this Nation is concerned, the activities of the American people in the extermination of birds for millinery purposes.

It is an incontestable fact that no wild species of bird or mammal can long withstand exploitation for commercial purposes. Many species could be cited in proof of this assertion, but we think it is unnecessary to name them. The tremendous energy with which civilized man is pulverizing and destroying all the resources of nature that can be made to yield money profit is too well known by this committee to require further comment. I append hereto, as one of our exhibits, a list of 11 important species of North American birds that have been totally exterminated as species during our own times. This last does not include the two egrets, the scarlet ibis, roseate spoonbill, flamingo, and several others that have been almost exterminated from the bird fauna of the United States, but still exist elsewhere.

It will require ten times the minutes at my disposal to set before you even a brief outline of the enormous slaughter of wild life generally. The extent of it, the fury of it, and the deadliness of it is almost beyond belief. No species is sacred from the destroyers, and protection is procurable in two ways only: (1) Through prohibitive laws sternly enforced, and (2) through closing the markets of the world to the sale of wild-animal products.

During the past five years the slaughter of birds for the feather trade has assumed most alarming proportions. The most remote and inaccessible regions are being ransacked and combed out by naked savages who are able to penetrate the haunts of birds that hitherto have been almost beyond the reach of the feather trade, and the slaughter has been enormous. As examples of this widespread destruction we will cite the slaughter of the egrets of Venezuela and Brazil that bear the deadly aigrette plumes, and the humming birds of South America that are killed in enormous numbers by the Indians. I exhibit to you samples of skins of humming-birds from a lot of 1,600 that were recently purchased in the London feather market at 2 cents each.

We show you the skin of the exquisitely beautiful resplendent trogon, the national emblem of Nicaragua, and one of the most beautiful of all American birds, now become so rare by millinery slaughter that it is impossible to procure any living specimens. We exhibit to you one of the wonders of the bird world, from far-away Australia. It is the tail of a lyre bird, so nearly exterminated for its feathers that now the exportation

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of skins is absolutely prohibited. And yet, thanks to the demands of the London feather trade, less than one year ago 150 skins illegally taken were smuggled out of Australia to London, at the risk of a very heavy fine. Less than two weeks ago I saw the half of one of the lyre feathers of this bird displayed in New York on a hat worth less than \$5. I exhibit a skin of the greater bird of paradise, from the Ara Islands, Malay Archipelago, once very numerous, but now on the verge of extermination as a species. The dry goods stores and millinery shops of the United States are now being flooded with the heads and plumes of this beautiful bird, for sale at from \$35 to \$60 each. The remains of this bird, and of other birds of paradise, are salable in every State in the United States, according to law.

From the Andes of Peru, the feather trade receives the beautiful cock-of-the-rock, a bird so rare that live specimens can not possibly be procured.

We exhibit here an object lesson from northern Burma, of a specially interesting character. It is the roughly made skin of a silver pheasant. Now, it may be contended by the feather trade that the importation of the skins and feathers of birds belonging to the pheasant family should be permitted, because pheasants are game birds. This skin represents a fine game-bird species that is being exterminated by the feather trade for its feathers, not for its flesh. This skin is one of a lot of 800 skins of this species that were seized in the customhouse at Rangoon in 1911 while being shipped to London. Morally and ethically it is wrong for man to exterminate a species of wild bird or mammal, whether for plumage or for food. The friends of wild life as a mass object to the further slaughter of wild life for commercial purposes. On Laysan Island, in the Pacific, in 1909, a Mr. Max Schlemmer undertook to destroy the half million wild sea birds frequenting that islet. After between 250,000 and 300,000 had been destroyed, the United States Government sent the revenue cutter *Thetis* to the spot, arrested everybody on Laysan, and stopped the slaughter. These wings are souvenirs of the fearful tragedy that was enacted on Laysan for the commercial benefit of Schlemmer and the feather trade.

The repulsive and horrifying world slaughter of valuable and beautiful bird life for the feather trade is now a matter of concern to the Christian nations. For fully five years the Royal Society for the Protection of Birds, of London, has been fighting the London feather trade and demanding an act of Parliament to stop England's share in the slaughter. In time that warfare will be victorious.

In causes of this kind no nation has a right to promote unjustifiable slaughter by maintaining the market for its products. The duty of a Christian nation in wild-life protection is exactly as great as the duty of a State or an individual. The new and alarming slaughter conditions of to-day demand new and drastic measures for their suppression. In view of the persistence and fury of the slaughter, no halfway measures will serve. The only argument that can be advanced by the feather trade for wholesale bird slaughter is, the trade wants the business; the merchants and employees want the money. The same plea is made by every producer of opium and counterfeit money, but opium selling and counterfeiting are sternly forbidden by the laws of the United States as measures necessary to the welfare of the public at large. It is safe to say that an entire discontinuance of the importations of the plumage of wild birds into the United States would not actually throw out of employment a single industrial worker. If feathers can not be used on women's hats, the labor of women's hands must produce other ornaments to take their place.

The list of birds now actually being exterminated through the efforts of the feather trade and the milliners is a long one, embracing at least 100 species of the most beautiful and curious birds of the world. The list that I have published of 60 species and groups of species, from *Our Vanishing Wild Life*, is appended hereto as an exhibit, and that its authenticity may be accepted without question we will state that it has been compiled from the records of the quarterly sales of the London feather market.

In view of the new conditions that recently have been thrust upon us, in view of the widespread slaughter of the innocents now so furiously proceeding, and in view of the extermination of species, the New York Zoological Society asks the Committee on Ways and Means and Congress to adopt such means as may to those bodies seem best completely to stop the importation of the skins or plumage of any species of wild birds, either crude or manufactured, except ostrich feathers and the wings of ducks in a raw state.

The society believes that whenever they can be consulted it will be found that fully 90 per cent of the people of the United States are firmly opposed to slaughter of any wild birds for milliners' use, or for any other money-making purposes. We believe that the great mass of the American people are in principle unalterably opposed to the maintenance in this country of a market which surely and certainly leads to the extermination of birds of use and beauty. We therefore call upon the Congress

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of the United States to take measures to end the objectionable and cruel traffic by imposing upon its products regulations that will be absolutely prohibitive to their importation.

Respectfully submitted.

WILLIAM T. HORNADAY,
For the New York Zoological Society.

SUPPLEMENT TO THE BRIEF OF WILLIAM T. HORNADAY ON THE ABSOLUTE PROHIBITION OF THE IMPORTATION OF THE PLUMAGE OF WILD BIRDS FOR MILLINERY AND OTHER COMMERCIAL PURPOSES.

EXTERMINATION OF BIRDS FOR WOMEN'S HATS.¹

It is high time for the whole civilized world to know that many of the most beautiful and remarkable birds of the world are now being exterminated to furnish millinery ornaments for women's wear. The mass of new information that we have recently secured on this traffic from the headquarters of the feather trade is appalling. Previously I had not dreamed that conditions are half as bad as they are.

It is entirely fitting that on this subject New York should send a message to London. New York is almost a spotless town in plume-free millinery, and London and Paris are the worst places in the world. We have cleaned house. With but extremely slight exceptions, the blood of the slaughtered innocents is no longer upon our skirts, and on the subject of plumage millinery we have a right to be just as Pharisaical as we choose.

Here in New York (and also in New Jersey) no man may sell, own for sale, or offer for sale the plumage of any wild American bird other than a game bird. More than that, the plumage of no foreign bird belonging to any bird family represented in the fauna of North America can be sold here. There are only a few kinds of improper "millinery" feathers that it is possible to sell here under the law. Thanks to the long and arduous campaign of the National Association of Audubon Societies, founded and for 10 years directed by gallant William Dutcher, you now see on the streets of New York very, very little wild-bird plumage save that from game birds.

It is true that a few servant girls are now wearing the cast-off aigrettes of their mistresses, but they are only as one in a thousand. At Atlantic City there is said to be a fine display of servant-girl and ladies-maid aigrettes. In New York and New Jersey, in Pennsylvania for everything save the sale of heron and egret plumes (a privilege obtained by a bunko game), in Massachusetts, and in many other of our States the wild-birds' plumage millinery business is dead. Two years ago, when the New York Legislature refused to repeal the Dutcher law, the Millinery Association asserted, and brought a cloud of witnesses to Albany to prove, that the enforcement of the law would throw thousands of operatives out of employment.

The law is in effect, and the aigrette business is dead in this State. Have any operatives starved or been thrown out of employment? We have heard of none. They are now at work making very pretty hat ornaments of silk and ribbons and gauze and lace and "they are wearing them."

But even while these words are being written there is one large fly in the ointment. The store window of E. & S. Meyers, 688 Broadway, New York, contains about 600 plumes and skins of birds of paradise, for sale for millinery purposes. No wonder the great bird of paradise is now almost extinct. Their sale here is possible because the Dutcher law protects from the feather dealers only the birds that belong to avian families represented in the United States. With fiendish cunning and enterprise, the shameless feather dealers are ferreting out the birds whose skins and plumes may legally be imported into this country and sold; but we will meet that with a law that will protect all foreign birds, so far as we are concerned. Now it is time for the universal enactment of a law which will prohibit the sale and use as ornaments of the plumage, feathers, or skins of any wild bird that is not a legitimate game bird.

London is now the head of the giant octopus of the "feather trade" that has reached out its deadly tentacles into the most remote wildernesses of the earth, and steadily is drawing in the "skins" and "plumes" and "quills" of the most beautiful and most interesting unprotected birds of the world. The extent of this cold-blooded industry, supported by vain and hard-hearted women, will presently be shown in detail. Paris is the great manufacturing center of feather trimming and ornaments, and the French people obstinately refuse to protect the birds from extermination,

¹ In the preparation of this chapter and its illustrations I have had much valuable assistance from Mr. C. William Beebe, who recently has probed the London feather trade almost to the bottom.

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because their slaughter affords employment to a certain number of French factory operatives.

Over the world where they have real estate possessions the men of England know how to protect game from extermination. The English are good at protecting game—when they decide to set about it.

Why should London be the Mecca of the feather killers of the world?

It is easily explained:

(1) London has the greatest feather market in the world; (2) the feather industry "wants the money"; and (3) the London feather industry is willing to spend money in fighting to retain its strangle hold on the unprotected birds of the world.

Let us run through a small portion of the mass of fresh evidence before us. It will be easier for the friends of birds to read these details here than to procure them at first hand, as we have done.

The first thing that strikes one is the fact that the feather hunters are scattered all over the world where bird life is plentiful and there are no laws to hinder their work. I commend to every friend of birds this list of the species whose plumage is to day being bought and sold in large quantities every year in London. To the birds of the world this list is of deadly import, for it spells extermination.

The reader will notice that it is the way of the millinery octopus to reach out to the uttermost ends of the earth and take everything that it can use. From the trackless jungles of New Guinea round the world both ways to the snow-capped peaks of the Andes no unprotected bird is safe. The humming birds of Brazil, the egrets of the world at large, the rare birds of paradise, the toucan, the eagle, the condor, and the emu, all are being exterminated to swell the annual profits of the millinery trade. The case is far more serious than the world at large knows or even suspects. But for the profits the birds would be safe, and no unprotected wild species can long escape the hounds of commerce.

But behold the list of rare, curious, and beautiful birds that are to day in grave peril:

List of birds now being exterminated for the London and continental feather markets.

Species.	Locality.	Species.	Locality.
American egret.....	Venezuela, South America, Mexico, etc.	"Choncas".....	Locality unknown.
Snowy egret.....	Do.	Pitta.....	East Indies.
Scarlet ibis.....	Tropical South America.	Magpie.....	Europe.
"Green" ibis.....	Species not recognizable by its trade name.	Touracou, or plantain-eater.	Africa.
Hérons, generally.....	All unprotected regions.	Velvet birds.....	Locality uncertain.
Marabou stork.....	Africa.	"Grives".....	Do.
Pelicans, all species.....	All unprotected regions.	Mannikin.....	South America.
Bustard.....	Southern Asia, Africa.	Green parrot (now protected).	India.
Greater bird of paradise.....	New Guinea, Aru Islands.	"Dominos" (sooty tern) ..	Tropical coasts and islands.
Lesser bird of paradise.....	New Guinea.	Garnet tanager.....	South America.
Red bird of paradise.....	Islands of Waigiu and Batanta.	Grebe.....	All unprotected regions.
Twelve-wired bird of paradise.	New Guinea, Salwatti.	Green merle.....	Locality uncertain.
Black bird of paradise.....	Northern New Guinea.	"Horphang".....	Do.
Rifle bird of paradise.....	New Guinea generally.	Rhea.....	South America.
Jobi bird of paradise.....	Island of Jobi.	"Sixplet".....	Locality uncertain.
King bird of paradise.....	New Guinea.	Starling.....	Europe.
Magnificent bird of paradise.	Do.	Tetras.....	Locality not determined.
Impeyan pheasant.....	Nepal and India.	Emerald-breasted hummingbird.	West Indies, Central and South America.
Tragopan pheasant.....	Do.	Blue-throated hummingbird.	Do.
Argus pheasant.....	Malay Peninsula, Borneo.	Amethyst hummingbird..	Do.
Silver pheasant.....	Burma and China.	Resplendent trogon, several species.	Central America.
Golden pheasant.....	China.	Cock-of-the-rock.....	South America.
Jungle cock.....	East Indies and Burma.	Macaw.....	Do.
Peacock.....	East Indies and India.	Toucan.....	Do.
Condor.....	South America.	Emu.....	Australia.
Vultures, generally.....	Where not protected.	Sun-bird.....	East Indies.
Eagles, generally.....	All unprotected regions.	Owl.....	All unprotected regions.
Hawks, generally.....	Do.	Kingfisher.....	Do.
Crowned pigeon, two species.	New Guinea.	Jabiru stork.....	South America.
		Albatross.....	All unprotected regions.
		Tern, all species.....	Do.
		Gull, all species.....	Do.

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In order to throw a spotlight on the most recent transactions in the London wild-birds' plumage market, and to furnish a clear idea of what is to-day going on in London, Paris, Berlin, and Amsterdam, I will set out in some detail the report of an agent whom I engaged to ascertain the London dealings in the plumage of wild birds that were killed especially to furnish that plumage. As one item, let us take the sales in London in February, May, and October, 1911, because they bring the subject well down to date. My agent's explanatory note is as follows:

"These three sales represent six months. Very nearly double this quantity is sold by these four firms in a year. We must also take into consideration that all the feathers are not brought to the London market, and that very large shipments are also made direct to the raw-feather dealers and manufacturers of Paris and Berlin, and that Amsterdam also gets large quantities from the West Indies. For your purpose, I report upon three sales, at different periods of the year 1911, and as those sales do not vary much you will be able to judge the consumption of birds in a year."

The "aigrettes" of the feather trade come from egrets, and, being very light, it requires the death of several birds to yield one ounce. In many catalogues the word "albatross" stands for the jabiru, a nearly exterminated species of giant stork, inhabiting South America. "Rhea" often stands for vulture plumage.

If the feather dealers had deliberately attempted to form an educational list of the most beautiful and the most interesting birds of the world, they could hardly have done better than they have done in the above list. If it were in my power to show the reader a colored plate of each species now being exterminated by the feather trade, he would be startled by the exhibit. That the very choicest birds of the whole avian world should be thus blotted out at the behest of vain and heartless women is a shame, a disgrace, and world-wide loss.

London feather sale of February, 1911:

Sold by Hale & Sons—

Aigrettes.....	ounces..	3, 069
Hérons.....	do....	960
Birds of paradise.....	skins..	1, 920

Sold by Figgis & Co.—

Aigrettes.....	ounces..	421
Hérons.....	do....	103
Paradise.....	skins..	414
Eagles.....	do....	2, 600
Condors.....	do....	1, 580
Bustards.....	do....	2, 400

Sold by Dalton & Young—

Aigrettes.....	ounces..	1, 606
Hérons.....	do....	250
Paradise.....	bodies..	4, 330

Sold by Lewis & Peat—

Aigrettes.....	ounces..	1, 250
Paradise.....	skins..	362
Eagles.....	do....	384
Trogons.....	do....	206
Humming birds.....	do....	24, 800

London feather sale of May, 1911:

Sold by Hale & Sons—

Aigrettes.....	ounces..	1, 390
Hérons.....	do....	178
Paradise.....	skins..	1, 686
Red ibis.....	do....	868
Junglecocks.....	do....	1, 550
Parrots.....	do....	1, 700
Hérons.....	do....	500

Sold by Figgis & Co.—

Aigrettes.....	ounces..	201
Hérons.....	do....	248
Paradise.....	skins..	546
Falcons, hawks.....	do....	1, 500

Sold by Dalton & Young—

Aigrettes.....	ounces..	2, 921
Hérons.....	do....	254
Paradise.....	skins..	5, 303
Golden pheasants.....	do....	1, 000

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London feather sale of May, 1911—Continued.

Sold by Lewis & Peat—

Aigrettes.....	ounces..	590
Hérons.....	do.....	190
Paradise.....	skins..	60
Trogon.....	do.....	348
Humming birds.....	do.....	6, 250

London feather sale of October, 1911:

Sold by Hale & Sons—

Aigrettes.....	ounces..	1, 020
Paradise.....	skins..	2, 209
Humming birds.....	do.....	10, 040
Bustard.....	quills..	28, 000

Sold by Figgis & Co.—

Aigrettes.....	ounces..	1, 501
Hérons.....	do.....	140
Paradise.....	skins..	318

Sold by Dalton & Young—

Aigrettes.....	ounces..	5, 879
Heron.....	do.....	1, 608
Paradise.....	skins..	2, 850
Condors.....	do.....	1, 500
Eagles.....	do.....	1, 900

Sold by Lewis & Peat—

Aigrettes.....	ounces..	1, 680
Hérons.....	do.....	400
Birds of paradise.....	skins..	700

If I am correctly informed, the London feather trade admits that it requires six egrets to yield 1 "ounce" of aigrette plumes. This being the case, the 21,528 ounces sold as above stand for 129,168 egrets killed for nine months' supply of egret plumes for London alone.

The total number of bird corpses auctioned during these three sales is as follows:

Aigrettes, 21,528 ounces=	129, 168 egrets.
Hérons, 2,683 ounces=	13, 598 herons.
	20, 698 birds of paradise.
	41, 090 humming birds.
	9, 464 eagles, condors, etc.
	9, 472 other birds.

Total number of birds...223, 490

It is to be remembered that the sales listed above cover the transactions of four firms only, and do not in any manner take into account the direct importations from Paris, Berlin, and Amsterdam of manufacturers and other dealers. The defenders of the feather trade are at great pains to assure the world that in the monthly, bimonthly, and quarterly sales, feathers often appear in the market twice in the same year; and this statement is made for them in order to be absolutely fair. Recent examinations of the plume catalogues for an entire year, marked with the price paid for each item, reveals very few which are blank, indicating no sale. The subtractions of the duplicated items would alter the result only very slightly.

The full extent of England's annual consumption of the plumage of wild birds slaughtered especially for the trade never has been determined. I doubt whether it is possible to ascertain it. The information that we have is so fragmentary that in all probability it reflects only a small portion of the whole truth, but for all that, it is sufficient to prove the case of the Defenders of the Birds versus the London Chamber of Commerce.

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Imports of feathers and down (ornamental) for the year 1910.

	Pounds.	Value.
Venezuela.....	8,398	\$191,058
Brazil.....	787	5,999
Japan.....	2,284	3,830
China.....	6,329	16,308
Tripoli.....	345	900
Egypt.....	21,047	89,488
Java, Sumatra, and Borneo.....	15,703	186,504
Cape of Good Hope.....	1708,406	9,747,146
British India.....	18,359	22,137
Hongkong.....	310	3,080
British West Indies.....	80	97
Other British colonies.....	10,438	21,938

¹ Chiefly ostrich feathers.

The above does not take into account the feathers from game birds received in England from France, Germany, Austria-Hungary, Belgium, and the Netherlands.

As a final side light on the quantity of egret and heron plumes offered and sold in London during the 12 months ending in April, 1912, we offer the following exhibit:

"Osprey" feathers (egret and heron plumes) sold in London during the year ending April, 1912.

	Offered.	Sold.
Venezuelan, long and medium..... ounces..	11,617	7,072
Venezuelan, mixed heron..... do..	4,043	2,539
Brazilian..... do..	3,335	1,810
Chinese..... do..	641	576
Total..... do..	19,636	11,997
Birds of paradise (2 plumes=1 bird)..... plumes..	29,385	24,579

Under the head of "Humming birds not wanted," Mr. Downham is at great pains to convey ¹ the distinct impression that to-day humming birds are scorned by the feather trade, and the demand for them is dead. I believed him, until my agent turned in the following statement:

Humming birds sold by Lewis & Peat, London, February, 1911.....	24,800
Humming birds sold by Lewis & Peat, London, May, 1911.....	6,250
Humming birds sold by Hale & Sons, London, October, 1911.....	10,040
Total.....	41,090

It is useless for anyone to assert that these birds were merely "offered" and not actually sold, as Mr. Downham so laboriously explains is the regular course with humming bird skins, for that will deceive no intelligent person. The statement published above comes to me direct from an absolutely competent and reliable source.

Undoubtedly the friends of birds, and likewise their enemies, will be interested in the prices at which the skins of the most beautiful birds of the world are sold in London prior to their annihilation by the feather industry. I submit the following exhibit, copied from the circular of Messrs. Lewis & Peat. It is at least of academic interest:

Prices of rare and beautiful bird skins in London.

Condor skins.....	\$3.50-\$5.75
Condor wing feathers, each.....	.05
Impeyan pheasant.....	.66- 2.50
Argus pheasant.....	3.60- 3.85
Tragopan pheasant.....	2.70
Silver pheasant.....	3.50
Golden pheasant.....	.34- .46

¹ The Feather Trade, by C. F. Downham, p. 62-64.

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Greater bird of paradise:

Light plumes—		
Medium to giants.....	\$10. 32—	\$21. 00
Medium to long, worn.....	7. 20—	13. 80
Slight def. and plucked.....	2. 40—	6. 72
Dark plumes, medium to good long.....	7. 20—	24. 60
12-wired bird of paradise.....	1. 44—	1. 80
Rubra bird of paradise.....		2. 50
Rifle bird of paradise.....	1. 14—	1. 38
King bird of paradise.....		2. 40
"Green" bird of paradise.....	. 38—	. 44
East Indian kingfisher.....	. 06—	. 07
East Indian parrots.....		. 03
Peacock necks, gold and blue.....	. 24—	. 66
Peacock necks, blue and green.....		. 36
Scarlet ibis.....	. 14—	. 24
Toucan breasts.....	0. 22—	0. 26
Red tanagers.....		. 09
Orange oriels.....		. 05
Indian crows' breasts.....		. 13
Indian jays.....		. 04
Amethyst humming birds.....		. 01½
Humming bird, various.....	$\frac{3}{16}$ of	. 01—
Humming bird, others.....	$\frac{1}{32}$ of	. 01—
Egret ("Osprey") skins.....	1. 08—	2. 78
Egret ("Osprey") skins, long.....		2. 40
Vulture feathers, per pound.....	. 36—	4. 56
Eagle, wing feathers, bundles of 100.....		. 09
Hawk, wing feathers, bundles of 100.....		. 12
Mandarin ducks, per skin.....		. 15
Pheasant tail feathers, per pound.....		1. 80
Crown pigeon heads, Victoria.....	1. 68—	2. 50
Crown pigeon heads, Coronatus.....	. 84—	1. 20
Emu skins.....	4. 56—	4. 80
Cassowary plumes, per ounce.....		3. 48
Swan skins.....	. 72—	. 74
Kingfisher skins.....	. 07—	. 09
African golden cuckoo.....		1. 68

Many thoughts are suggested by these London lists of bird slaughter and loot.

It will be noticed that the breast of the grebe has almost wholly disappeared from the feather market and from women's hats. The reason is that there are no longer enough birds of that group to hold a place in the London market. Few indeed are the Americans who know that from 1900 to 1908 the lake region of southern Oregon was the scene of the slaughter of uncountable thousands of those birds, which continued until the grebes were almost exterminated.

When the wonderful lyre-bird of Australia had been almost exterminated for its tail feathers, its open slaughter was stopped by law, and a heavy fine was imposed on exportation, amounting, I have been told, to \$250 for each offense. My latest news of the lyre-bird was of the surreptitious exportation of 200 skins to the London feather market.

In India, the smuggling outward of the skins of protected birds is constantly going on. Occasionally an exporter is caught and fined; but that does not stop the traffic.

Bird lovers must now bid farewell forever to all the birds of paradise. Nothing but the legal closing of the world's markets against their plumes and skins can save any of them. They never were numerous; nor does any species range over a wide area. They are strictly insular, and the island homes of some of them are very small. Take the great bird of paradise (*Paradisea apoda*) as an illustration. On October 2, 1912, at Indianapolis, Ind., a city near the center of the United States, in three show windows within 100 feet of the headquarters of the Fourth National Conservation Congress, I counted 11 stuffed heads and 11 complete sets of plumes of this bird, displayed for sale. The prices ranged from \$30 to \$47.50 each. And while I looked, a large lady approached, pointed her finger at the remains of a greater bird of paradise, and with grim determination, said to her shopping companion: "There. I want one o' them an' I'm agoin' to have it, too."

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Says Mr. James Buckland in "Pros and cons of the plumage bill":

"Mr. Goodfellow has returned within the last few weeks from a second expedition to new Guinea. * * * One can now walk, he states, miles and miles through the former haunts of these birds [of paradise] without seeing or hearing even the commonest species. When I reflect on this sacrilege, I am lost in wonder at the apathy of the British public."

Mr. Carl Hagenbeck wrote me only three months ago that "the condors of the Andes are all being exterminated for their feathers, and these birds are now very difficult to obtain."

The egret and heron plumes, known under the trade name of "osprey, etc., feathers," form by far the most important item in each feather sale. There are 15 grades. They are sold by the ounce, and the prices range all the way from 28 cents per ounce for "mixed heron" to 225 shillings (\$45.60) per ounce for the best Brazilian "short selected," on February 7, 1912. Is it any wonder that in Philadelphia the prices of finished aigrettes, ready to be worn, runs from \$20 to \$125?

The plumes that run up into the big figures are the "short selected" coming from the following localities, and quoted at the prices set down here in shillings and pence. Count the shillings at 24 cents, United States money.

Prices of "short selected" egret and heron plumes, in London on Feb. 7, 1912.

(Lewis & Peat's list.)

East Indies.....	per ounce..	117/6 to 207/6=	\$49.80 max.
Rangoon.....	do....	150/0 to 192/6=	46.20 max.
China.....	do....	130/0 to 245/0=	58.80 max.
Brazil.....	do....	200/0 to 225/0=	54.00 max.
Venezuela.....	do....	165/0 to 222/6=	53.40 max.

The total offerings of these "short selected" plumes in December, 1911, was 689 ounces, and in February, 1912, it was 230 ounces.

Now with these enormous prices prevailing, is it any wonder that the egrets and herons are being relentlessly pursued to the uttermost ends of the earth? I think that any man that really knows the habits of egrets and herons, and the total impossibility of any quantity of their shed feathers being picked up in a marketable state, must know in his heart that if the London and Continental feather markets keep open a few years longer, every species that furnishes "short selected" plumes will be utterly exterminated from off the face of the earth.

Let the English people make no mistake about this, nor be fooled by any fairy tales of the feather trade about Venezuelan "garceros," and vast quantities of valuable plumes picked off the bushes and out of the mud. Those carefully concocted egret-farm stories make lovely reading, but the reader who examines the evidence will soon decide the extent of their truthfulness. I think that they contain not even 10 per cent of truth; and I shall not rest until the stories of Leon Laglaize and Mayeul Grisol have been put to the test in the regions where they originated.

A few plumes may be picked out of the jungle, yes; but as for any commercial quantity, it is at present beyond belief. Besides, we have direct eye-witness testimony to the contrary.

It must not be inferred that the friends of birds in England have been idle or silent in the presence of the London feather trade. On the contrary, the Royal Society for the Protection of Wild Birds and Mr. James Buckland have so strongly attacked the feather industry that the London Chamber of Commerce has felt called upon to come to its rescue. Mr. Buckland, on his own individual account, has done yeoman service to the cause, and his devotion to the birds, and his tireless energy, are both almost beyond the reach of praise in words. At the last moment before going to press I learn that the birds' plumage bill has achieved the triumph of a "first reading" in Parliament, which looks as if success is at last in sight. The powerful pamphlet that he has written, published, and circulated at his own expense, entitled "Pros and Cons of the Plumage Bill," is a splendid effort. What a pity it is that more individuals are not similarly inspired to make independent effort in the protection cause. But, strange to say, few indeed are the men who have either the nerve or the ability to "go it alone."

On the introduction in Parliament of the bill to save the birds from the feather trade it was opposed (through the efforts of the chamber of commerce) on the ground that if any bill against the sale of plumes should pass, and plumes could not be sold, the London business in wild-bird skins and feathers "would immediately be transferred to the Continent."

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In the face of that devastating and altogether horrible prospect, and because the London feather dealers "need the money," the bill was at first defeated—to the great joy of the chamber of commerce and Mr. Downham; but the cause of birds will win in the end, because it is right.

The feather dealers have been shrewdly active in the defense of their trade, and the methods they have employed for influencing public opinion have quite outshone those put forth by their brethren in America. I have before me a copy of a booklet bearing the name of Mr. C. F. Downham as the author, and the London Chamber of Commerce has loaned its good name as publisher. Altogether it is a very shrewd piece of work, even though its arguments in justification of bird slaughter for the feather market are too absurd and weak for serious consideration.

The chief burden of the defender of bird slaughter for millinery purposes is on account of the destruction of egrets and herons, but particularly the former. To offset as far as possible the absolutely true charge that egrets bear their best plumes in their breeding season, when the helpless young are in the nest and the parent birds must be killed to obtain the plumes, the feather trade has obtained from three Frenchmen—Leon Laglaize, Mayeul Grisol, and F. Geay—a beautiful and plausible story to the effect that in Venezuela the enormous output of egret plumes has been obtained by picking up off the bushes and out of the water and mud the shed feathers of those birds. According to the story, Venezuela is full of egret farms, called "garceros," where the birds breed and molt under strict supervision, and kindly drop their feathers in such places that it is possible to find them and to pick them up in a high state of preservation. And we are asked to believe that it is these very Venezuelan picked-up feathers that command in London the high price of \$44 per ounce.

Mr. Laglaize is especially exploited by Mr. Downham as a French traveler of high standing, and well known in the zoological museums of France; but, sad to say, when Prof. Henry Fairfield Osborn cabled to the Museum of Natural History in Paris, inquiring about Mr. Laglaize, the cable flashed back the one sad word "inconnu" (unknown.)

I think it entirely possible that enough shed feathers have been picked up in the reeking swamps of Venezuela, on the upper tributaries of the Orinoco, to afford an excuse for the beautiful story of Mr. Laglaize. Any shrewd individual with money, and the influence that money secures, could put up just such a "plant" as I firmly believe has been put up by some one in Venezuela. I will guarantee that I could accomplish such a job in Venezuela or Brazil in four months' time at an expense not exceeding \$1,000.

That the great supply of immaculately perfect egret plumes that annually come out of Venezuela could by any possibility be picked up in the swamps where they were shed and dropped by the egrets, is entirely preposterous and incredible. The whole proposition is denounced by several men of standing and experience, none of whom are "inconnu."

As a sweeping refutation of the fantastic statements regarding "garceros" published by Mr. Downham as coming from Messrs. Laglaize, Grisol, and Geay, I offer the written testimony of an American gentleman who at this moment owns and maintains within a few yards of his residence a large preserve of snowy egrets and herons, the former representing the species which furnishes egret plumes exactly similar to those shipped from Venezuela and Brazil. If the testimony of Mr. McIlhenny is not sufficient to stamp the statements of the three Frenchmen quoted by Mr. Downham as absolute and thoroughly misleading falsehoods, then there is no such thing in this world as evidence. I suggest a perusal of the statements of the three Frenchmen who are quoted with such confidence by Mr. Downham and published by the honorable chamber of commerce at London, and then a careful reading of the following letter:

AVERY ISLAND, LA., June 17, 1912.

DEAR MR. HORNADAY: I have before me your letter of June 8, asking for information as to whether or no egrets shed their plumes at their nesting places in sufficient quantities to enable them to be gathered commercially. I most emphatically wish to state that it is impossible to gather at the nesting places of these birds any quantity of their plumes. I have nesting within 50 yards of where I am now sitting dictating this letter not less than 20,000 pairs of the various species of herons and egrets, and there are fully 2,500 pairs of snowy herons nesting within my preserve.

During the nesting season, which covers the months of April, May, and June, I am through this heronry in a small canoe almost every day, and often twice a day. I have had these herons under my close inspection for the past 17 years, and I have not in any one season picked up or seen more than half a dozen discarded plumes. Such plumes as I have picked up I have kept on my desk and given to the people who were inter-

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ested. I remember that last year I picked up four plumes of the snowy heron that were in one bunch. I think these must have been plucked out by the birds fighting.

This year I have found only one plume so far. I inclose it herewith. You will notice that it is one of the shorter plumes, and is badly worn at the end, as have been all the plumes which I have picked up in my heronry.

I am positive that it is not possible for natural shed plumes to be gathered commercially. I have a number of times talked with plume hunters from Venezuela and other South American countries, and I have never heard of any egret feathers being gathered by their being picked up after the birds have shed them.

I have heard of a number of heronries in South America that are protected by the land owners for the purpose of gathering a yearly crop of egret plumes, but this crop is gathered always by shooting a certain percentage of the birds. This shooting is done by experts with .22-caliber rifles, and does not materially disturb the nesting colony. I have known of two men who have been engaged in killing the birds on large estates in South America who were paid regular salaries for their services as egret hunters.

Very truly, yours,

E. A. McILHENNY.

I am more than willing to set the above against the fairy tale of Mr. Laglaize.

Here is the testimony of A. H. Meyer, an ex-plume hunter, who for nine years worked in Venezuela. His sworn testimony was laid before the Legislature of the State of New York, in 1911, when the New York Milliners' Association was frantically endeavoring to secure the repeal of the splendid Dutch law. This witness was produced by the National Association of Audubon Societies:

"My attention has been called to the fact that certain commercial interests in this city are circulating stories in the newspapers and elsewhere to the effect that the aigrettes used in the millinery trade come chiefly from Venezuela, where they are gathered from the ground in the large garceros, or breeding colonies, of white herons.

"I wish to state that I have personally engaged in the work of collecting the plumes of these birds in Venezuela. This was my business for the years 1896 to 1905, inclusive. I am thoroughly conversant with the methods employed in gathering egret and snowy heron plumes in Venezuela, and I wish to give the following statement regarding the practices employed in procuring these feathers:

"The birds gather in large colonies to rear their young. They have the plumes only during the mating and nesting season. After the period when they are employed in caring for their young, it is found that the plumes are virtually of no commercial value, because of the worn and frayed condition to which they have been reduced. It is the custom in Venezuela to shoot the birds while the young are in the nests. A few feathers of the large white heron (American egret), known as the Garza blanca, can be picked up of a morning about their breeding places, but these are of small value and are known as 'dead feathers.' They are worth locally not over \$3 an ounce; while the feathers taken from the bird, known as 'live feathers,' are worth \$15 an ounce.

"My work led me into every part of Venezuela and Colombia where these birds are to be found, and I have never yet found or heard of any garceros that were guarded for the purpose of simply gathering the feathers from the ground. No such condition exists in Venezuela. The story is absolutely without foundation, in my opinion, and has simply been put forward for commercial purposes.

"The natives of the country, who do virtually all of the hunting for feathers, are not provident in their nature, and their practices are of a most cruel and brutal nature. I have seen them frequently pull the plumes from wounded birds, leaving the crippled birds to die of starvation, unable to respond to the cries of their young in the nests above, which were calling for food. I have known these people to tie and prop up wounded egrets on the marsh where they would attract the attention of other birds flying by. These decoys they keep in this position until they die of their wounds or from the attacks of insects. I have seen the terrible red ants of that country actually eating out the eyes of these wounded, helpless birds that were tied up by the plume hunters. I could write you many pages of the horrors practiced in gathering aigrette feathers in Venezuela by the natives for the millinery trade of Paris and New York.

"To illustrate the comparatively small number of dead feathers which are collected, I will mention that in one year I and my associates shipped to New York 80 pounds of the plumes of the large heron and 12 pounds of the little recurved plumes of the snowy heron. In this whole lot there were not over 5 pounds of plumes that had been gathered from the ground—and these were of little value. The plume birds have been nearly exterminated in the United States and Mexico, and the same condition of affairs will soon exist in tropical America. This extermination will come about because of the fact that the young are left to starve in the nest when the old birds are killed, any other statement made by interested parties to the contrary notwithstanding.

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"I am so incensed at the ridiculously absurd and misleading stories that are being published on this question that I want to give you this letter and, before delivering it to you, shall take oath to its truthfulness."

Here is the testimony of Mr. Caspar Whitney, of New York, formerly editor of *Outing Magazine* and *Outdoor America*:

"During extended travel throughout South America from 1903 to 1907, inclusive, I journeyed, on three separate occasions, by canoe (1904-1907) on the Lower Orinoco and Apure Rivers and their tributaries. This is the region, so far as Venezuela is concerned, in which is the greatest slaughter of white herons for their plumage, or more specifically for the marital plumes, which are carried only in the mating and breeding season, and are known in the millinery trade as 'aigrettes.'

"There is literally no room for question. The snowy herons are killed exactly as I describe. It is the custom of all those who hunt for the millinery trade and is recognized by the natives as the usual method."

Here is the testimony of Mr. Julian A. Dimock, of Peekamose, N. Y., the famous outdoor photographer, and illustrator of "Florida Enchantments."

"I know a goodly number of the plume hunters of Florida. I have camped with them and talked to them. I have heard their tales, and even full accounts of the 'shooting up' of an egret rookery. Never has a man in Florida suggested to me that plumes could be obtained without killing the birds. I have known the wardens, and have visited rookeries after they had been 'shot up,' and the evidence all pointed to the everlasting use of the gun. It is certainly not true that the plumes can be obtained without killing the birds bearing them.

"Nineteen years ago I visited the Cuthbert rookery with one of the men who discovered the birds nesting in that lake. He and his partner had sold the plumes gathered there for more than a thousand dollars. He showed me how they hid in the bushes and shot the birds. He even gave me a chance to watch him kill two or three birds.

"I know personally the man chiefly responsible for the slaughter of the birds at Alligator Bay. He laughed at the idea of getting plumes without killing the birds. I well know the man who shot the birds up Rogers River, and even saw some of the empty shells left on the ground by him. I have camped with Seminoles, whites, blacks, outlaws, and those within the pale connected with plume hunting, and all tell the same story: The birds are shot to get the plumes. The evidence of my own eyes and the action of the birds themselves convinces me that these is not a shadow of doubt concerning this point."

This sworn testimony from Mr. T. J. Ashe, of Key West, Fla., is very direct and to the point:

"I have seen many moulted and dropped feathers from wild plumed birds. I have never seen a moulted or dropped feather that was fit for anything. It is the exception when a plumed bird drops feathers of any value while in flight. Whatever feathers are so dropped are those that are frayed, worn out, and forced out by the process of moulting. The moulting season is not during the hatching season, but is after the hatching season. The shedding, or moulting, takes place once a year, and during this moulting season the feathers, after having the hard usage of the year from wind, rain, and other causes, when dropped are of absolutely no commercial value."

Mr. Arthus T. Wayne, of Mount Pleasant, S. C., relates in sworn testimony his experience in attempting to secure egret plumes without killing the birds:

"It is utterly impossible to get 50 egret plumes from any colony of breeding birds without shooting the birds. Last spring I went twice a week to a breeding colony of American and snowy egrets, from early in April until June 8. Despite the fact that I covered miles of territory in a boat, I picked up but two American egret plumes (which I now have); but not a single snowy egret plume did I see, nor did my companion, who accompanied me on every trip.

"I saw an American egret plume on the water, and left it purposely, to see whether it would sink or not. Upon visiting the place a few days afterwards, the plume was not in evidence, undoubtedly having sunk. The plumes are chiefly shed in the air while the birds are going to or coming from their breeding grounds. If that millinery plume law is repealed, the fate of the American and snowy egrets is sealed, for the few birds that remain will be shot to the very last one."

Any man who ever has been in an egret rookery (and I have) knows that the above testimony is true. The French story of the beautiful and smoothly running egret farms in Venezuela is preposterous, save for a mere shadow of truth. I do not say that no egret plumes could be picked up, but I do assert that the total quantity obtainable in one year in that way would be utterly trivial.

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No; the "ospreys" of the British feather market come from slaughtered egrets and herons, killed in the breeding season. Let the British public and the British Parliament make no mistake about that. If they wish the trade to continue, let it be based on the impregnable ground that the merchants want the money and not on a fantastic dream that is too silly to deceive even a child that knows birds.

The use or disuse of wild birds' plumage as millinery ornaments is another of those wild-life subjects regarding which there is no room for argument. To assert that the feather dealers want the business for the money it brings them is not argument. We have seen many a steam roller go over truth and right and justice by main strength and red-hot power; but truth and right refuse to stay flat down. There is on this earth not one wild-animal species—mammal, bird or reptile—that can long withstand exploitation for commercial purposes. Even the whales of the deep sea, the walrus of the Arctic regions, the condors of the Andes, and alligators of the Everglade morasses are no exception to the universal rule.

In Mr. Downham's book there is much fallacious reasoning and many conclusions that are not borne out by the facts. For example, he says that no species of bird of paradise has been diminished in number by slaughter for the feather trade; that Florida still contains a supply of egrets; that the decrease in bird life should be charged to the spread of cities, towns, and farms, and not to the trade; that the trade was "in no way responsible" for the slaughter of 300,000 gulls and albatrosses on Laysan Island.

I have space to notice one other important erroneous conclusion that Mr. Downham publishes in his book, on page 105. He says:

"The destruction of birds in foreign countries is something that no trade can direct or control."

This is an amazing declaration and absolutely contrary to experience. Let me prove what I say by a fresh and incontestable illustration:

Prior to April, 1911, when Gov. Dix signed the Bayne law against the sale of wild native game in the State of New York, Currituck County, N. C., was a vast slaughter pen for wild fowl. No power or persuasion had availed to induce the people of North Carolina to check or regulate or in any manner mitigate that slaughter of geese, ducks, and swans. It was estimated that 200,000 wild fowl were annually slaughtered there.

We who advocated the Bayne law said: "Close the New York markets against Currituck birds and you will stop a great deal of the slaughter."

We cleaned our Augean stable. The greatest game market in America was absolutely closed.

Last winter (1911) the annual killing of wild fowl was fully 50 per cent less than during previous years. In one small town 20 professional duck shooters went entirely out of business because they couldn't sell their ducks. The dealers refused to buy them. The result was exactly what we predicted it would be, and this year it is reported over and over that ducks are more plentiful in New England than they have been in 20 years previously. The result is wonderful, because so quick.

Beyond all question, the feather merchants of London, Paris, and Berlin absolutely control the bird killers of Venezuela, China, New Guinea, Mexico, and South America. Let the word go forth that "the trade" is no longer permitted to buy and sell egret and heron plumes, skins of birds of paradise, and condor feathers, and, presto, the killing industry falls dead the next moment.

Yes, indeed, members of the British Parliament; it is easily within your power to wipe out at a single stroke fully one-half of the bird slaughter for fancy feathers. It can be done just as we wiped out one-half the annual duck slaughter in wickedly wasteful North Carolina.

The feather trade absolutely does control the killing situation. Now, will the people of England clean house by controlling the feather trade? If a hundred species of the most beautiful birds of the world must be exterminated for the feather trade, let the odium rest elsewhere than on the people of England.

The bird lovers of America may rest assured that the bird lovers of England—a mighty host—are neither careless nor indifferent regarding the wild-birds' plumage business. On the contrary, several bills have been brought before Parliament intended to regulate or prohibit the traffic, and a measure of vast importance to the birds of the world is now before the House of Commons. It is backed by Mr. Percy Alden, M. P., by the Royal Society for the Protection of Birds, by the Selbourne Society, and by Mr. James Buckland—a host in himself. For years past that splendidly equipped and well-managed Royal Society has waged ceaseless warfare for the birds. Its activity has been tremendous, and its membership list contains many of the finest names in England. The address of the honorary secretary, Frank E. Lemon, Esq., is 23 Queen Anne's Gate, London, S. W.

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Naturally, these influences are opposed by the textile trade section of the London Chamber of Commerce, and their only argument consists of the plea that if London doesn't get the money out of the feather trade, the Continent will get it. A reasonable, logical, magnificent, and convincing excuse for wholesale bird slaughter, truly.

Mr. Buckland has been informed from the Continent that the people of France, Germany, the Netherlands, and Belgium are waiting and watching to see what England is going to do with the question, "To slaughter, or not to slaughter?" For England has no monopoly of the birds' plumage trade, not by any means. Says Mr. Buckland ("Pros and Cons of the Plumage Bill," page 17):

"As regards the vast majority of fancy feathers used in millinery, the Continent receives its own supplies. The feathers of the hundreds of thousands of albatrosses which are killed in the north Pacific all go to Paris. Of the untold thousands of 'magpies,' owls, and other species which come from Peru, not one skin or feather crosses the Channel. The white herons of the Upper Senegal and the Niger are being rapidly exterminated at the instigation of the feather merchants, but not one of the plumes reaches London. Paris receives direct a large supply of aigrettes from South America and elsewhere. * * * The millions of swallows and other migratory birds which are killed annually as they pass through Italy, France, and Spain on their way north, supply the millinery trade of Europe with an incredible quantity of wings and other plumage, but none of it is distributed from London. * * * London, as a distributing center, has no monopoly of the trade in raw feathers."

Mr. Buckland's green-covered pamphlet is a powerful document, and both his facts and his conclusions seem to be unassailable. The author's address is Royal Colonial Institute, Northumberland Avenue, London, W. C.

The duty of the civilized nations of Europe is perfectly plain. The savage and bloody business in feathers torn from wild birds should be stopped, completely and forever. If the Commons will not arise and reform the odious business out of existence, then the kings and queens and presidents should do their plain duty. In the suppression of a world crime like this it is clearly a case of noblesse oblige.

THE BIRD TRAGEDY ON LAYSAN ISLAND.

This chapter is a curtain dropper to the preceding chapter. As a clearly cut, concrete case the reader will find it unique and unsurpassed. It should be of lively interest to every American, because the tragedy occurred on American territory.

In the far-away North Pacific Ocean, about 700 miles from Honolulu west by north, lies the small island of Laysan. It is level, sandy, poorly planted by nature, and barren of all things likely to enlist the attention of predatory man. To the harassed birds of mid-ocean it seemed like a secure haven, and for ages past it has been inhabited only by them. There several species of sea birds, large and small, have found homes and breeding places. Until 1909 the inhabitants consisted of the Laysan albatross, black-footed albatross, sooty tern, gray-backed tern, noddy tern, Hawaiian tern, white tern, Bonin petrel, two shearwaters, the red-tailed tropic bird, two boobies, and the man-of-war bird.

Laysan Island is 2 miles long by $1\frac{1}{2}$ broad, and at times it has been literally covered with birds. Its bird life was first brought prominently to notice in 1891 by Henry Palmer, the agent of Hon. Walter Rothschild, and in 1902 and 1903 Walter K. Fisher and W. A. Bryan made further observations.

Ever since 1891 the bird life on Laysan has been regarded as one of the wonders of the bird world. One of the photographs taken prior to 1909 shows a vast plain, apparently a square mile in area, covered and crowded with Laysan albatrosses. They stand there on the level sand, serene, bulky, and immaculate. Thousands of birds appear in one view—a very remarkable sight.

Naturally man, the ever greedy, began to cast about for ways by which to convert some product of that feathered host into money. At first guano and eggs were collected. A tramway was laid down and small box cars were introduced, in which the collected material was piled and pushed down to the packing place.

For several years this went on, and the birds themselves were not molested. At last, however, a tentacle of the feather-trade octopus reached out to Laysan. In an evil moment in the spring of 1909 a predatory individual of Honolulu and elsewhere, named Max Schlemmer, decided that the wings of those albatross, gulls, and terns should be torn off and sent to Japan, whence they would undoubtedly be shipped to Paris, the special market for the wings of sea birds slaughtered in the North Pacific.

Schlemmer, the slaughterer, bought a cheap vessel, hired 23 phlegmatic and cold-blooded Japanese laborers, and organized a raid on Laysan. With the utmost secrecy

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he sailed from Honolulu, landed his bird killers upon the sea-bird wonderland, and turned them loose upon the birds.

For several months they slaughtered diligently and without mercy. Apparently it was the ambition of Schlemmer to kill every bird on the island.

By the time the bird butchers had accumulated between three and four carloads of wings, and the carnage was half finished, William A. Bryan, professor of zoology in the College of Honolulu, heard of it and promptly wired the United States Government.

Without the loss of a moment the Secretary of the Navy despatched the revenue cutter *Thetis* to the shambles of Laysan. When Capt. Jacobs arrived he found that in round numbers about 300,000 birds had been destroyed, and all that remained of them were several acres of bones and dead bodies and about three carloads of wings, feathers, and skins. It was evident that Schlemmer's intention was to kill all the birds on the island, and only the timely arrival of the *Thetis* frustrated that bloody plan.

The 23 Japanese poachers were arrested and taken to Honolulu for trial, and the *Thetis* also brought away all the stolen wings and plumage, with the exception of one shedful of wings that had to be left behind on account of lack of carrying space. That old shed, with one end torn out, and supposed to contain nearly 50,000 pairs of wings, was photographed by Prof. Dill, in 1911, as shown herewith.

Three hundred thousand albatrosses, gulls, terns, and other birds were butchered to make a Schlemmer holiday. Had the arrival of the *Thetis* been delayed, it is reasonably certain that every bird on Laysan would have been killed to satisfy the wolfish rapacity of one money-grubbing white man.

In 1911 the Iowa State University despatched to Laysan a scientific expedition in charge of Prof. Homer R. Dill. The party landed on the island on April 24 and remained until June 5, and the report of Prof. Dill (U. S. Department of Agriculture) is consummately interesting to the friends of birds. Here is what he has said regarding the evidences of bird slaughter:

"Our first impression of Laysan was that the poachers had stripped the place of bird life. An area of over 300 acres on each side of the buildings was apparently abandoned. Only the shearwaters moaning in their burrows, the little wingless rail skulking from one grass tussock to another, and the saucy finch remained. It is an excellent example of what Prof. Nutting calls the survival of the inconspicuous.

"Here, on every side, are bones bleaching in the sun, showing where the poachers had piled the bodies of the birds as they stripped them of wings and feathers. In the old open guano shed were seen the remains of hundreds and possibly thousands of wings which had been placed there, but never cured for shipping, as the marauders were interrupted in their work.

"An old cistern back of one of the buildings tells a story of cruelty that surpasses anything else done by these heartless, sanguinary pirates, not excepting the practice of cutting wings from living birds and leaving them to die of hemorrhage. In this dry cistern the living birds were kept by hundreds to slowly starve to death. In this way the fatty tissue lying next to the skin was used up, and the skin was left quite free from grease, so that it required little or no cleaning during preparation.

"Many other revolting sights, such as the remains of young birds that had been left to starve, and birds with broken legs and deformed beaks were to be seen. Killing clubs, nets, and other implements used by these marauders were lying all about. Hundreds of boxes to be used in shipping the bird skins were packed in an old building. It was very evident they intended to carry on their slaughter as long as the birds lasted.

"Not only did they kill and skin the larger species, but they caught and caged the finch, honey eater, and miller bird. Cages and material for making them were found." (Report of an Expedition to Laysan Island in 1911, by Homer R. Dill, p. 12.)

The report of Prof. Bryan contains the following pertinent paragraphs:

"This wholesale killing has had an appalling effect on the colony. * * * It is conservative to say that fully one-half the number of birds of both species of albatross that were so abundant everywhere in 1903 have been killed. The colonies that remain are in a sadly decimated condition. * * * Over a large part of the island, in some sections a hundred acres in a place, that 10 years ago were thickly inhabited by albatrosses not a single bird remains, while heaps of the slain lie as mute testimony of the awful slaughter of these beautiful, harmless, and without doubt beneficial inhabitants of the high seas.

"While the main activity of the plume hunters was directed against the albatrosses, they were by no means averse to killing anything in the bird line that came in their

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way. * * * Fortunately, serious as were the depredations of the poachers, their operations were interrupted before any of the species had been completely exterminated."

But the work of the evil genius of Laysan did not stop with the slaughter of 300,000 birds. Mr. Schlemmer introduced rabbits and guinea pigs; and these rapidly multiplying rodents now are threatening to consume every plant on the island. If the plants disappear, many of the insects will go with them; and this will mean the disappearance of the small insectivorous birds.

In February, 1909, President Roosevelt issued an executive order creating the Hawaiian Islands Reservation for Birds. In this are included Laysan and 12 other islands and reefs, some of which are inhabited by birds that are well worth preserving. By this act, we may feel that for the future the birds of Laysan and neighboring islets are secure from further attacks by the bloody-handed agents of the vain women who still insist upon wearing the wings and feathers of wild birds.

TESTIMONY OF T. GILBERT PEARSON, SECRETARY NATIONAL ASSOCIATION OF AUDUBON SOCIETIES.

Mr. Pearson was duly sworn by the chairman.

Mr. PEARSON. Mr. Chairman and gentlemen, I represent the National Association of Audubon Societies and 32 State cooperating societies. There are something over a hundred thousand people who have expressed their interest in the subject of the protection and preservation of wild birds by joining these societies, and I appear here in their interest with special reference to the birds found on the North American Continent. We are asking for an amendment to section 438 and suggest that it be changed to read as follows, at the end of it:

Provided, That the importation of plumage of American birds or of plumage indistinguishable from that of American birds, including aigrettes, crude or manufactured, is hereby prohibited, except for scientific purposes.

That amendment to paragraph 438 of the paragraph relating to feathers and downs, so as to prohibit the importation of plumage of American birds, including aigrettes, is recommended on the following grounds:

1. That a number of the species are now approaching extinction.
2. That the birds are of great economic value.
3. That the traffic in such plumage is illegal in many States.
4. That the plumage trade is destructive, barbarous, and unnecessary.
5. That the loss of revenue can readily be made up from other sources.

The demand for plumage of wild birds for millinery purposes during the past 20 years has grown to enormous proportions. In the effort to supply the market the woods, fields, and seacoasts of the United States have been combed systematically by plume hunters. Breeding colonies and rookeries in the Tropics from Australia to Venezuela and the most distant islands in the Pacific Ocean have been devastated by the emissaries of the plume trade. The traffic in the United States has caused the practical extinction of some of the most beautiful birds, including egrets, the least tern, and locally of several other species. Breeding colonies of certain sea birds have been practically annihilated along the coasts of New Jersey and Virginia. The egrets, formerly found in every State in the Union with half a dozen exceptions, are now restricted to a comparatively few isolated colonies in the South-

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ern States and a few wandering individuals which occasionally stray northward to visit the haunts where they were formerly abundant.

The value of insectivorous and seed-eating native birds is too well known to need detailed exposition in this connection. The economic value of the egrets and other species of plume birds is not generally appreciated. Recent investigations in Florida by a representative of the National Association of Audobon Societies has shown that herons of several species during the breeding season are not only important scavengers, but destroy immense numbers of crayfish, cut-worms, and grasshoppers. Without going into detail the following table shows at a glance the character of the food of four species of young herons in Florida. The results are based on examination of the components of 50 meals of each species. The table shows that 50 snowy egrets consumed no less than 762 grasshoppers and 91 cutworms; that 50 little blue herons destroyed 1,900 grasshoppers, 149 cutworms, and 142 crayfish; and 50 Louisiana herons consumed no less than 2,876 grasshoppers. One stomach of a Louisiana heron was found to contain 200 grasshoppers.

Based on the examination made by O. E. Baynard, Orange Lake, Fla., of 50 meals of each of the following species, it was found that their food is as follows: Snowy egret, grasshoppers 762, cutworms 91, cray fish 29, miscellaneous 9; little blue heron, 1,900 grasshoppers, 149 cutworms, 142 cray fish, and 45 miscellaneous; Louisiana heron, 2,876 grasshoppers, 17 cutworms, 67 cray fish, and 14 miscellaneous; egrets, 176 cray fish, 61 suckers, and 297 frogs.

Both the egret and the snowy egret are destructive to field mice, and are therefore of pronounced economic value to the agricultural interests of the country, as shown in Bulletin No. 33 of the Biological Survey of the United States Department of Agriculture.

ILLEGAL TRAFFIC.

The trade in plumage of native birds is now illegal in a number of the States, including Massachusetts, New York, New Jersey, Ohio, Louisiana, Missouri, Colorado, California, Oregon, Washington, and other States. The trade in plumage of native birds is thus prohibited in such important millinery centers as Boston, New York, New Orleans, Cleveland, Cincinnati, St. Louis, Kansas City, Denver, Los Angeles, San Francisco, Portland, and Seattle. The Federal law (25 Stat. 1137) already prohibits interstate commerce in plumage shipped in violation of local laws. The United States should not permit the importation of goods which are contraband in some States. Their importation should be prohibited, as has already been done in the case of lottery tickets, opium, sealskins illegally captured, etc.

The death knell of any species of wild life is sounded when mankind begins to commercialize it. A number of species of North American birds are to-day on the verge of extinction because of the activities of the collectors working in the interests of the world's great millinery establishments. In collecting heron aigrettes the most barbarous cruelties are practiced. These long airy feathers are the nuptial adornments of the birds and are found only in the breeding season. To procure these feathers it is absolutely necessary to take the life of

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the birds which produce them. This means that the young are left in the nests to die of starvation. Egrets once bred as far north as New Jersey and perhaps Long Island, but to-day they do not occur during the nesting season north of North Carolina. The agents of the National Association of Audubon Societies have been able to locate in recent years about 30 colonies of these birds in our southern swamps. In the summer of 1912 these few remaining rookeries contained in the aggregate a population of about 5,000 egrets. Thirty years ago there were millions of these birds in the United States. Because of the disappearance of egrets over large sections of the country in which they formerly occurred it is now necessary for the trade to secure these feathers from abroad and the same heartless war of extermination is to-day being carried on in South America and southern Asia. As long as we permit the importation of aigrettes we have but little assurance for saving the remnant of the egrets still found in this country, as it is impossible to distinguish in the manufactured product the feathers of these birds taken in different countries.

REVENUE.

The actual revenue derived from the importation from plumage (including aigrettes for millinery purposes) is unknown, for the reason that no separate record is kept of the importation of plumage for millinery purposes and feathers and downs used for pillows, quilts, and other purposes. In the case of aigrettes probably 90 per cent of the goods are imported in the crude state at the low rate of duty based on appraisal at port of shipment. If figures were available, it is doubtful whether the appraised value of most aigrettes would exceed \$15 or \$20 an ounce, allowing a revenue of \$3 or \$4 per ounce. Assuming that the importations for any one year amounted to half a ton or a thousand pounds, the duty at \$3 an ounce would be \$48,000 and at \$4 per ounce, \$64,000. If this revenue is regarded as indispensable or so important as to necessitate the continuance of a traffic at once barbarous, useless, and destructive to the interests of our farmers, an equal source of revenue may be found in paragraph 289 in Schedule G, by imposing the same duty on game birds as on poultry.

To accomplish this, amend paragraph 289 to read:

Poultry, live, three cents per pound; poultry and game birds, dead, five cents per pound.

If this amendment be adopted, paragraph 510 of the free list should be amended to read:

Birds and land and water fowls alive for exhibition or propagation.

The present provision which imposes a duty of 5 cents a pound on poultry and allows game birds to be imported free is class legislation. You charge the poor man who eats chicken on Sunday, or when the preacher comes, 5 cents a pound, and yet the rich and mighty, who, after the theater, go into a café and enjoy a warm bird and a cold bottle, do not have to pay a cent of duty on their game. They come in free at the present time.

Mr. LONGWORTH. He pays a good deal on his cold bottle, though; at least, I have heard so.

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Mr. PEARSON. I am glad to have the information from such an authoritative source.

It is the height of injustice in these days of high prices to require the poor man to pay a duty of 5 cents a pound on his poultry while the wealthy patron of the high-class restaurant and hotel can obtain his game birds free of duty. Under the present tariff exemptions the importation of game birds from Europe has increased enormously. As many as 25,000 birds are known to have been imported on a single vessel at New York. The records of the conservation commission of New York show that since the new law went into effect in 1911 prohibiting the sale of native game and requiring foreign game to be tagged, game birds to the number of 492,400 have been tagged. Most of these birds are pheasants, grouse, and ptarmigan, weighing from a pound to a pound and a half or 2 pounds. If the average is taken at a pound and a half the importations of New York alone would net about \$37,000. As these figures represent the importations at New York alone for a period of two years, it would be safe to say that the importations for all ports in the United States may be safely placed at not less than \$50,000.

Mr. KITCHIN. If we put this tariff on these game birds, would that conserve our own game at home, or would it not act as a greater inducement and incentive to kill our own birds?

Mr. PEARSON. I do not believe that it would work out disadvantageously at the present time, because there has been great advancement made in State legislation. For instance, around the great centers of population such as Boston and New York City is where the great market for these things exist. The sale of native killed game has been made illegal and the game commissions of those States have enforced those laws.

Mr. HARRISON. Is it illegal in any of the Southern States now to have aigrette feathers?

Mr. PEARSON. It is absolutely illegal to kill them in any Southern State.

Mr. HARRISON. Is it illegal only to kill them or to have them in your possession or sell these feathers?

Mr. PEARSON. It is illegal to kill them or to sell their feathers in virtually all the States; but the burden of proof is on us to show that these birds were killed in the State. Under the new plumage law recently adopted in a number of States it is made illegal to sell the feathers regardless of where they come from.

Mr. HARRISON. Your society has a guard over each of these nesting colonies of egrets in the South?

Mr. PEARSON. We guarded 15 colonies last year; yes.

Mr. HARRISON. Would the effect of the prohibition of importations of aigrettes be to prevent the illegal killing of egrets in our country?

Mr. PEARSON. I heard a man testify yesterday who is engaged in the feather business, and he said that the stopping of the bringing in of feathers from abroad would virtually kill the aigrette trade in this country.

Mr. HARRISON. Do you agree with that?

Mr. PEARSON. I certainly do.

Mr. KITCHIN. Under this theory of the law in the different States that prohibits the selling of these American birds and if they are

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permitted to be imported, if a man should have them in his possession and say, "I imported these and did not buy them here," when he did buy them here, how are you going to take care of that?

Mr. PEARSON. Yes; at the present time, the burden of proof is on us.

The CHAIRMAN. I did not grasp very fully the suggestion made with reference to the changing of the law. Does that cover ostrich plumes?

Mr. PEARSON. No; not at all—to make it illegal to import American birds. A great many of our birds come from Central America and South America.

The CHAIRMAN. Of course, you recognize that ostriches are raised in this country now.

Mr. PEARSON. Yes; thoroughly. We had a bulletin issued advising people to wear ostrich feathers.

The CHAIRMAN. You have no objection to that?

Mr. PEARSON. Not the slightest, because ostriches are——

The CHAIRMAN. If we should adopt your suggestion, would that cover ostrich plumes?

Mr. PEARSON. No; it would not.

Mr. LONGWORTH. Will you read that again, please?

Mr. PEARSON. "Provided that the importation of plumage of American birds"——

Mr. PALMER. What do you mean by "American birds"?

Mr. PEARSON. Birds that are found in a native state natural in America.

Mr. PALMER. Do you mean North and South and Central America?

Mr. PEARSON. I had special reference to North America. I would be willing to change that to read "The United States."

The CHAIRMAN. Read it to us again.

Mr. PEARSON. "Provided, that the importation of plumage of American birds or of plumage indistinguishable from that of American birds, including aigrettes, crude or manufactured, is hereby prohibited except for scientific purposes."

The CHAIRMAN. I am in doubt, considering the fact that we have ostrich farms in this country, as to whether the language there used would prohibit the use of ostrich feathers.

Mr. PEARSON. I would be very glad to guard against that. We know of the ostrich farms in Arizona, in California, and at Jacksonville, and there is nothing cruel about the business. The birds are well cared for, and the plumes are simply clipped off with shears.

Mr. PALMER. That language would not keep out these beautiful birds which the previous witness discussed?

Mr. PEARSON. Some of them it would not keep out. I am asking for half a loaf, and he is asking for the loaf. I would like to have the loaf.

Mr. PALMER. You would like to prohibit all these birds, no matter where they come from?

Mr. PEARSON. I would; yes, sir.

Mr. KITCHIN. Is your language broad enough to cover the plumage on hats already made?

Mr. PEARSON. It would not make any difference under what condition they came in. In fact, I understand there is comparatively

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little material comes in that way. They prefer to get it in the crude state, because there is a difference between 20 per cent and 60 per cent in the tariff. I think very little comes in in that way.

The CHAIRMAN. That is all, Mr. Pearson. Thank you very much.

TESTIMONY OF JACOB DE JONG, REPRESENTING THE NEW YORK FLOWER & FEATHER CO.

Mr. DE JONG. Mr. Chairman and gentlemen of the committee, the part of Schedule N which I desire to speak to you about is section 434, pertaining to artificial flowers and feathers.

Under the present act crude feathers are dutiable at 20 per cent, and the feathers and flowers manufactured are dutiable at 60 per cent.

Under the previous act, which was changed by the Payne bill of 1909, crude feathers were dutiable at 15 per cent and the manufactured article at 50 per cent.

At that time I had the pleasure of appearing before the Ways and Means Committee and advocating in the name of the Association of Flower and Fancy Feather Manufacturers of the United States, I being chosen as their representative to take charge of their tariff committee, and being their president, to advocate to that committee a change in the tariff and to give our reasons why the advance in duty from 15 per cent to 20 per cent on the raw material and from 50 per cent to 60 per cent on the manufactured article would increase the revenues of the Government without decreasing the importations at the same time, and to a certain extent give encouragement to the domestic manufacturers.

I was very candid and frank with the committee at that time in explaining to them the actual conditions of the trade. It is a peculiar line. It is a line that is subject to various disturbances and rules which other lines are not disturbed by. I am free to state that the amount of tariff does not regulate the amount of importations of either the crude or the manufactured article.

Mr. LONGWORTH. What paragraph do you refer to?

Mr. DE JONG. Paragraph 438 of Schedule N, pertaining to flowers and feathers.

I made the statement then that I made just now, that the amount of duty does not regulate the importations of these classes of goods, whether in the raw or in the manufactured article.

If I am right in my impression in assuming that the present Ways and Means Committee and the party in power are serious and earnest in their intention to reduce the duty on the commodities and necessities of life, and in order to make up for the loss of revenue caused by such a reduction to endeavor to make up such delinquency by increasing the duty on articles of luxury, provided such an increase of duty will not diminish importations—if the increased duty on articles of this character will not decrease the importations by reason of the advance of the tariff, is it not natural and apparent that this, perhaps, of all the articles in the entire tariff is one that would be more subject to produce revenue in spite of the tariff that is placed on it?

I believe I am right to assume that this committee, representing the party which is to go in power, in fixing a tariff which I have just

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mentioned, by placing a higher duty upon the manufactured article without decreasing the importations of it, and thus increasing the revenue, will not, by reason of the fact that they will incidentally benefit the domestic industry, fail to do so.

Mr. RAINEY. What good will that do you?

Mr. DE JONG. It will do us this much good, that it increases the demand for the articles of the moment. The demand will grow stronger on this class of goods.

Mr. RAINEY. Would that increase the demand to make the importations cost the consumers more?

Mr. DE JONG. No, sir; there is a natural increased demand for articles of luxury.

Mr. RAINEY. They would come in here whether we increased it or not.

Mr. DE JONG. That demand will increase anyway, whether you reduce the duty or not.

Mr. RAINEY. Well, where do you come in?

Mr. DE JONG. In the first place, in answering that question, we do not, and I, as president of the Manufacturers' Association, do not come before you as a committee asking you, in administering the laws of this land, to pass any measure or any tariff for the purpose of boosting our industry.

Mr. RAINEY. What do you want it done for?

Mr. DE JONG. What we desire is that you shall fix this tariff so that the domestic manufacturer can meet the imported article on an equal and fair competitive basis.

Mr. RAINEY. You just want to charge more; that is all?

Mr. DE JONG. I do not. I do not care how high you make the duty on the imported article, it will be imported nevertheless. I do not care how high you make the duty on the imported article, the domestic product will be sold without any increase of price.

I have explained to you that this particular line labors under most peculiar conditions. The domestic manufacturers, of which there are about 150 or 200 in the United States, have struggled against the foreign competition for years. They have not been able to reduce the importations of the foreign article. Flowers and feathers are mainly exported from Saxony, Berlin, and Paris. In Saxony the manufacturer of flowers is practically dominated by outside laborers—that is, home workers; the principal part is done by home workers.

I will illustrate to you. This is an article manufactured in Saxony [exhibiting article]. The petals themselves are cut out and colored in the factory, and then the work is done by children and other home workers among the Saxony peasantry and small tradesmen, who work at it at night or during spare time. This particular article that I have in my hand is sold in Saxony for four marks to the American importer.

Mr. PALMER. Apiece?

Mr. DE JONG. A dozen. Four marks in American money is less than a dollar. It is sold subject to a discount 16 and 2 and 2 per cent, making the actual cost for this article in Saxony, invoiced to the customhouse there, less than 80 cents a dozen.

Mr. PALMER. What is that used for?

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Mr. DE JONG. It is used for the decoration of ladies' hats.

Mr. PALMER. Worth about 7 or 8 cents apiece? Do you intend to call that one of the luxuries of life?

Mr. DE JONG. This exactly is not a luxury. It is a decoration for a hat.

Mr. KITCHIN. These artificial flowers that come in and are used on ladies' hats are not considered luxuries, are they?

Mr. DE JONG. The cheaper class may not be, but the average are. You take this silk velvet article [exhibiting article] and it would certainly be considered a luxury. In fact, the majority of the articles imported in this line are strict luxuries. While there are considerable of the cheaper goods imported, the most of the importations are in the luxurious goods. I simply want to show you that the cost of this article laid down here, with a duty of 60 per cent and the cost of transportation, together with all other expenses, is less than this article can be made for in the United States, for labor alone.

Mr. HARRISON. At what price is that sold to the retailer?

Mr. DE JONG. This article would be sold to the retailer for about 30 cents a bunch; 25 or 30 cents.

Mr. HARRISON. How many go in a bunch?

Mr. DE JONG. This [exhibiting article] is one bunch.

Mr. HARRISON. About 7 or 8 cents at the custom house, and you sell it for 30 cents. Is that right?

Mr. DE JONG. It costs about 80 cents. There is a duty which makes it cost about \$1.50, according to how it is packed. The importer will sell it to the jobber, I suppose, with a profit, and the jobber will sell it again to the retailer, and the ultimate consumer will pay perhaps 30 cents for it.

Mr. HARRISON. I want to ask you one or two questions about this business. You are taxed 20 per cent upon the crude, uncolored, and unmanufactured materials for feathers and flowers, are you not?

Mr. DE JONG. The materials that the domestic manufacturers use pay an average duty of about 50 per cent.

Mr. HARRISON. The customs tariff upon feathers, unmanufactured and crude, is 20 per cent?

Mr. DE JONG. The customs tariff on feathers is 20 per cent. Ostrich feathers, birds of paradise, and aigrettes—

Mr. HARRISON (interposing). And upon the finished product you have a duty of 60 per cent?

Mr. DE JONG. Yes.

Mr. HARRISON. The bulk of the imports coming in are finished products, are they not? There is a comparatively small importation of raw materials, so to speak, except of ostrich feathers?

Mr. DE JONG. Outside of ostrich feathers the bulk is manufactured articles.

Mr. HARRISON. The bulk is manufactured articles, producing a good deal of revenue. They are quite a good revenue producer.

Mr. DE JONG. It does produce a good deal of revenue.

Mr. HARRISON. From what countries do the fine feathers come that you import, outside of ostrich feathers?

Mr. DE JONG. Manufactured feathers?

Mr. HARRISON. No; the feathers that are unmanufactured or crude.

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Mr. DE JONG. Outside of ostrich feathers, the raw feathers, excluding birds of paradise and aigrettes, are mostly from peacocks, barnyard fowls, and other birds, marabou from turkeys, and swansdown, and different materials of that kind, which are the raw materials that the domestic manufacturer uses.

Mr. HARRISON. Where do you get your paradise feathers and your aigrette feathers from?

Mr. DE JONG. Paradise birds are sold at auction in London at certain periods. They are imported into London from the various oriental countries, from Africa, Asia, the Indies, and other sections. They are hunted there by tribes; they are mounted, dried, and prepared and sent over in this condition [indicating bird of paradise] and then sold at the London sales at auction.

Mr. RAINEY. Is that an entire bird there?

Mr. DE JONG. This [exhibiting article] is an entire bird; yes, sir.

Mr. HARRISON. Where do you get the aigrette feathers?

Mr. DE JONG. The aigrette feathers come mostly from South America. I am sorry I have not a sample here. The aigrette feather is a very fine hairy feather.

Mr. HARRISON. The aigrette feather is also found in the United States, is it not?

Mr. DE JONG. There are some aigrette feathers found in the Southern States of America.

Mr. HARRISON. Is it not true that in most of those States aigrette feathers are now contraband?

Mr. DE JONG. They are contraband in most States.

Mr. HARRISON. Are there any States in our country from which aigrette feathers may be obtained in accordance with the law?

Mr. DE JONG. There are.

Mr. HARRISON. Where is that?

Mr. DE JONG. Pennsylvania is the principal State.

Mr. HARRISON. That is a State in which they may be sold, but they are not produced there, of course?

Mr. DE JONG. They are not produced there. They may be sold there. They can not be sold in New York City.

Mr. HARRISON. Is Pennsylvania the only State which you can think of in which they can be sold?

Mr. DE JONG. There are other States. I think they are permitted to be sold in most of the Southern States. In Indiana they are allowed to be sold.

Mr. RAINEY. And in Arkansas they are allowed to be sold.

Mr. DE JONG. Most of those States are acting on this matter. I believe a representative of the Audubon Society is to appear before you some time.

Mr. HARRISON. Do you know which ones of the Southern States have not passed laws forbidding the taking of aigrette feathers? The source of supply in our country is entirely from the Southern States, of course. Is there any State in which aigrette feathers may be lawfully obtained now?

Mr. DE JONG. I do not think there are any States in this country where aigrettes may be lawfully obtained and hunted. It is done clandestinely and beyond the law.

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Mr. HARRISON. So that any aigrette feathers in the market in any States in our country which now permits them to be sold are, if they are not unlawfully obtained, imported from abroad?

Mr. DE JONG. They are.

Mr. HARRISON. What would be the effect of the imposition of a duty sufficiently high to exclude all importations of aigrette feathers? Would that entirely eliminate them from our markets?

Mr. DE JONG. It would not.

Mr. HARRISON. Why not? That is, of course, the crux of my series of questions.

Mr. DE JONG. I understand, and I wish to explain it fully and seriously according to the facts and not according to my wishes or desires. As I have said before, the very fact of the amount of duty on this class of articles does not prohibit the importation. In fact, you may fairly assume that every attempt to increase the duty on them creates a demand. That is the peculiarity of it. You can not go to any Fifth Avenue store or to any importer in New York who handles high-class goods who is not subject to that peculiarity—to that peculiar idea prevailing among the ultrafashionable women of New York and other States.

They demand an article of fashion and they demand an article that is imported, no matter what its price may be and regardless of its beauty. As long as it is imported and is stylish, that is all they care about.

Mr. PALMER. And the more it costs the more they want it.

Mr. DE JONG. Yes; sometimes the more it costs the stronger the demand is.

Ten years ago this bird [exhibiting article] at the London sale sold for 50 per cent less than it does to-day. It sold about 10 years ago for about \$12 to \$14 a bird. To-day this bird sells in the London sale from a minimum of \$35 up to \$50 to \$75 a bird.

Mr. HARRISON. Apiece?

Mr. DE JONG. Apiece. That is simply because fashion demands it and style wants it. You put a duty on this bird at 50 per cent and the \$2,000,000 worth that are imported will come in just the same.

Mr. KITCHIN. What does it sell for after it gets here, with the duty paid?

Mr. DE JONG. This bird brings according to the way it is put up; according to how much is put on a hat. The style at the present time is to wear two or three, or a small amount on a hat—

Mr. KITCHIN (interposing). What is a bird?

Mr. DE JONG. This [exhibiting article] is a bird.

Mr. KITCHIN. What is that bird worth here?

Mr. DE JONG. This bird here is not sold in the exact condition in which I have it in my hand.

Mr. KITCHIN. They import it in that condition, don't they?

Mr. DE JONG. Yes.

Mr. KITCHIN. After you have paid the duty, what did it cost you?

Mr. DE JONG. After the 20 per cent duty is paid it is made up in different ways. Do you mean the whole bird?

Mr. KITCHIN. Yes, the whole bird. Where did you get that bird from?

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Mr. DE JONG. This bird comes from a manufacturer.

Mr. KITCHIN. What did he pay for that bird when he imported it, just like it is?

Mr. DE JONG. \$35.

Mr. KITCHIN. How much?

Mr. DE JONG. \$35. This is a raw bird.

The CHAIRMAN. With the duty or without the duty?

Mr. DE JONG. Without the duty, I believe it is 20 per cent more. The bird is taken apart. The amount of labor necessary to make this bird suitable for millinery trimming would constitute about 10 per cent of the value.

Mr. HARRISON. Suppose Congress were to forbid the importation of any aigrettes into the United States. Suppose we would not merely raise the duty, but forbid the importation of aigrettes into the United States. Would that protect the native aigrettes?

Mr. DE JONG. It would.

Mr. HARRISON. Do you think that hunters would be stimulated to kill aigrettes by the increased value of aigrettes in the United States in spite of the game laws of the Southern States?

Mr. DE JONG. It is my opinion that if Congress prohibited the importation of aigrettes that would do away with aigrettes in this country, absolutely.

The CHAIRMAN. Mr. De Jong, your time has expired.

Mr. DE JONG. Will you allow me to conclude after recess?

The CHAIRMAN. How much time do you desire?

Mr. DE JONG. I would like to have 15 minutes more.

The CHAIRMAN. You have had a great deal of time now.

Mr. DE JONG. Can I have 10 minutes after supper?

The CHAIRMAN. You have had 20 minutes now, and that is 10 minutes over your time.

Mr. DE JONG. I was answering questions.

The CHAIRMAN. I will be very glad to hear you, but there are so many witnesses and we have made so little progress that I do not think it is fair to the other witnesses. I myself will be very glad to hear you.

Mr. DE JONG. I want to call your attention to the fact that since the duty has been raised, since the last act went into effect, there has been an increase of importations.

The duty was raised on raw feathers from 15 per cent to 20 per cent. The importations under the 15 per cent duty were not more than \$2,000,000, while the importations under the 20 per cent duty have risen to over \$7,000,000; and the same with the manufactured goods. The fact that you have increased the duty has not diminished the importation.

The CHAIRMAN. We have no desire to cut the rate because articles are luxuries or semiluxuries, if there is a reasonable amount of importation coming in. However, we will give careful consideration to your remarks.

Mr. DE JONG. No matter what the tariff is, these articles will be imported.

Mr. KITCHIN. Mr. De Jong, do you want to file that bird with the committee? [Laughter.]

PARAGRAPH 438—FEATHER MILLINERY.

BRIEF OF THE ASSOCIATION OF NEW YORK (N. Y.), IMPORTERS AND MANUFACTURERS OF MILLINERY GOODS.

NEW YORK, January —, 1913.

HON. OSCAR UNDERWOOD,

Chairman of the Ways and Means Committee, Washington, D. C.

DEAR SIR: We ask for the adoption on paragraph 438, Schedule N, sundries, to read as follows:

"Feathers and downs of all kinds, including bird skins or parts thereof with the feathers on, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, 15 per cent ad valorem; when dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, and also dressed and finished birds suitable for millinery ornaments, and artificial or ornamental feathers, fruits, grains, leaves, flowers, and stems or parts thereof, of whatever material composed, 50 per cent ad valorem; boas, boutonnieres, wreaths, and all articles not specially provided for in this section, composed wholly or in chief value of any of the feathers, flowers, leaves, or other materials or articles herein mentioned, 50 per cent ad valorem."

Very truly, yours,

SIDNEY B. SEIT,
Secretary.

[Brief on flower schedule, par. 438.]

An ad valorem rate is the only possible way of levying on the goods enumerated in this paragraph. Any attempt to install a specific duty would entail endless confusion and disaster to the business, inasmuch as it would cut off entirely importation and be a total loss to the revenue of the Treasury, whereas on the other hand, where the domestic manufacturers have been in the habit of making the merchandise that has been imported they will have absolutely no ideas nor novelties to follow up. As an illustration, we recently weighed 1 dozen roses, the cost of which in American money is \$2.50, and at the present duty of 60 per cent the tariff on these goods would be \$1.50. They weigh 5 ounces. If we take a specific duty of \$4.80 per pound, or 30 cents an ounce, these goods would still pay this same amount of duty, viz, \$1.50. Unfortunately, almost every flower has a different weight, and there is an enormous difference in the range of prices. For instance, we then weighed 1 dozen forget-me-nots and found the weight to be $4\frac{1}{2}$ ounces, and the cost \$1, and at the present rate of 60 per cent the duty would be 60 cents, but if assessed at a specific rate of \$4.80 per pound, the duty would be \$1.27 $\frac{1}{2}$ or 127 $\frac{1}{2}$ per cent on the value. This would put an additional burden on the popular-priced goods that reach the masses, and any attempt to grade these specific duties would involve so much detail that importation would absolutely cease.

[Brief on all millinery articles in Schedules B, C, J, N, administrative act.]

Millinery comprises all articles essential for making and trimming ladies' and misses' hats, and is a necessity of life in the sense that a woman can not go bareheaded into the street in wintry and damp weather, nor under the boiling sun of summer day any more than a man can. We recognize millinery as a luxury only when hats and trimmings are beyond the means of the purchaser.

Luxury is a relative term, as the luxuries of our age are the necessities of the next. As the country grew in wealth, what was a luxury a generation ago is a necessity to-day. You can not stop the growing power of money, not the commensurate wants of people, and fashion, which regulates the use of millinery, is a potential factor in the changes of styles. These changes of fashion and the talk about them spreads the false impression that all millinery is a luxury, but it can not be said and proven that cheap millinery is not a necessity.

The trade of the United States in fashion articles, of which millinery goods or the enumerated articles schedules B, C, J, L, and N, which we have scheduled, are a large part, have been suffering and not progressing in the last two years, and the causes are traced to the prohibitive tariff. The domestic trade has suffered in consequence of reduced importations or lack of stimulus. It does not follow, in millinery as in staple products, that less imports imply more home production; on the contrary, the past has shown, more imports, more action in the home production, and both importers and home manufacturers flourished. Nor is it an economic question of cost that regulates the manufacture of millinery goods in this country. Everything that can be made here is manufactured and sold cheaper than imported goods, and

PARAGRAPH 438—FEATHER MILLINERY.

goods can be made quicker and delivered much more rapidly by the manufacturer for the needs of the market than they can be imported. This is the most vital factor of protection to the domestic manufacturer. The fact that we can give the home manufacturer an order for merchandise to be delivered in a week or 10 days, whereas the same goods would not arrive from abroad in four weeks. Even if the home manufacturer is dearer, but which is never the case, the domestic manufacturer gets the order, as the waiting of four weeks is a risk, because fashion may change and make the imported article on arrival unsaleable. In fashion articles time is a greater protection to the home industries than tariff rates. On the other hand, if the Government wishes to encourage importations for the purpose of revenue, it must aid the importer with a moderate tariff to lessen the risk which is manifold and onerous in fashion articles, and not shut off importations by prohibitive rates which increase the risks.

[Brief on Schedule N (sundries).]

"Beads and spangles of all descriptions, strung or unstrung, 15 per cent."

We ask for a low rate of duty on these goods which serve only as material for manufacturing purposes, and would be imported in heavier quantities and stimulate the manufacturing industries of this country.

"Buckles, pins, brooches; cabochons, and other shapes made of cotton, silk, tinsel, artificial silk, beads, spangles, wool, straw, fibers, and other materials, 35 per cent."

In placing the same rate on all the above articles irrespective of their composition and because they also appear in other schedules at the same rate, we endeavor to establish a flat or uniform rate. You will observe that in applying the same rate on the same articles, but of different materials, the identity of the articles remains the same. This will cause no loss of revenue to the United States Treasury, but, on the contrary, an enormous economy of time is gained by the appraisers in the valuation and passing of the merchandise. There are many reasons for establishing a flat or uniform rate on the above articles, no matter of what material or materials they are made.

Under the present prohibitive tariff, which prescribes the rate according to the value of the chief component part, the question always arises and often is not adjusted until settled by the courts (frequently a few years later than the date of the importation), which is the chief component part? This complex question of classification has frequently led to the assessment of different rates of the duties on the same class of merchandise at different ports of entry. This is due to the fact that an examiner in a small port of entry can not have the varied experience and expert knowledge as an examiner in a large port of entry like New York.

If you would favorably consider a uniform rate of ad valorem duty as proposed, you would entirely dispense with the troublesome question of classification and costly legal contests.

"Paragraph 422. Braids, plaits, plateaux, laces, brims, cords, gimps, galloons, fabrics, nets and nettings, composed of wholly or in part straw, chip, grass, real horsehair, ramie, artificial silk, silk straw, hemp, Cuba bark, palm leaf, willow osier, rattan, for making or ornamenting hats, bonnets, or hoods, unbleached, 15 per cent; bleached, 20 per cent.

"Hats, bonnets, hoods, untrimmed, 35 per cent."

We are repeating the paragraph 422 as it stands in the present tariff with slight modifications. We ask that ramie, artificial silk, and silk straw be added in this paragraph in order to create a uniform rate for these three materials that are used for the same purpose, viz, the manufacture of hats, as the other enumerated materials. It is to be marked that fashion often follows the tariff. To cite an important instance, prior to the present tariff, which reduced hemp braids from 60 per cent to 15 per cent, no hemp braids were imported and none were made here; since the rate was established at 15 per cent, hemp braids were largely imported and the manufacture of same began in this country. With 15 per cent duty the home manufacturer can easily compete with imported goods, which stimulates the demand for this article and both the importers and domestic manufacturers are benefiting from this reduction. On the other hand, real horsehair set in vogue by Paris were imported under the rate of 35 per cent as real horsehair hats. The Government raised the appraisal to 60 per cent and 45 cents per pound, because paragraph 422 mentions real horsehair braids at 15 per cent but omits the mention of hats (Case T. D. 72357).

Result: All orders abroad were canceled, the United States Treasury is the loser in revenue, and the article is prohibitive, the home manufacturers losing their trade in consequence, as the article was dropped by the trade.

PARAGRAPH 438—FEATHER MILLINERY.

BRIEF TRANSMITTED BY JACOB HENLY, PHILADELPHIA, PA.

ARTIFICIAL FLOWERS AND FANCY FEATHERS.

DAVID HENLY'S SONS,
Philadelphia, Pa., January 27, 1913.

HON. OSCAR UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: On behalf of the Associated Flower & Feather Manufacturers of Philadelphia, I am inclosing you herewith a brief explaining our position in reference to the tariff on artificial flowers and feathers.

Trusting the same will receive your kind and careful consideration, I am,
Yours, very truly,

JACOB HENLY.

PHILADELPHIA, January 27, 1913.

THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We, the Associated Flower & Feather Manufacturers of Philadelphia, ask for a continuance of the present rate of duty (namely, 60 per cent ad valorem) on artificial flowers and fancy feathers for many reasons:

1. This is an industry particularly suitable for revenue purposes.

A. Flowers and feathers are particularly articles of luxury, and are peculiarly adapted to produce revenue, without in any great measure adding to the burden of the necessities of life. Any reduction of the present rate of duty would simply lessen the revenue to the Government without any material benefit to anyone but the European manufacturer.

B. Under normal business conditions the imports would not have decreased materially because of any raise in duty. The decrease shown in the last year or two is due to a radical change in style. With the return of such styles as are favorable to the use of flowers and feathers imports will again increase and will show a larger revenue for the Government.

C. The lowest-priced goods, which are made in Germany and Austria, are so cheap that the duty adds little to the cost. The medium-priced goods, which are produced in America, are in competition with France (France herself has laid a heavy duty on German goods, in some cases 50 per cent or more), while the highest class goods, which are produced in France, are certainly an article fit for revenue purposes.

II. The European manufacturers can at the present time operate more cheaply than the American manufacturers.

A. Because:

(a) The foreign manufacturer can specialize. He makes either feathers or flowers, not both. He gets his orders far in advance of the American maker, and fills in his dull season with orders for the United States. This enables him to operate his plant the whole year to full capacity, giving permanent employment.

(b) On the other hand, as a means of keeping his organization together, the American manufacturer has been forced to produce both articles, flowers in the spring and summer, fancy feathers in the fall and winter. He is, therefore, in competition with two distinct highly organized industries in France, Germany, and Austria.

B. Because the scale of wages and overhead expenses is much higher in the United States than in Europe.

(a) Wages are in proportion of dollars to marks.

(b) The cost of labor in this country in the last few years has increased steadily, out of all proportion to the 10 per cent advance provided by the last tariff bill.

(c) The country looks for still greater activity. With it will come a still greater scarcity of labor and a further increase in wage scales.

(d) A comparison of overhead expenses, rent, light, are in favor of the European manufacturers (peculiarly Austria and Germany manufacturers in the country, while we are forced to stay in the large city).

(e) The expense of selling is much greater in this country. We go to see our customers. The European manufacturer stays at home and receives his American buyers at their own expense, and after a trip of 4,000 miles.

C. The price and the demand for the domestic article is governed by the stock of imported goods on the market (bought long before the domestic maker gets his orders). Even with the present rate, we are undersold in many instances.

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D. All raw materials used in our industry pay as high, if not a higher duty than the finished goods.

III. Present condition of the American market.

A. While the industry has made progress in the last four years, there are a great many articles made in Europe which can not as yet be produced profitably in this country. With a reduction in the duty, there would be many more items. With the continuance of the present tariff we look for still greater progress.

B. Given a fair market, we produce goods sightly and artistic and the competition between the many domestic manufacturers with not even the slightest suspicion of any combination prevents any exorbitant or even large profit, and keeps the price of goods fair to the consumer.

C. Owing to the peculiar change in style, coupled with the poor business conditions in general, it has been a struggle for the American manufacturer to hold his own, and at that many houses have been driven from the business. However the industry is on a fair way to recovery under a gradual return to more favorable styles. If the duty is again lowered you will cripple an industry which bids fair to grow much larger with a proper consideration for its needs.

D. It is an industry which should be encouraged. It opens a future for the man or woman of limited means. It does not require a large capital, and gives the ordinary operator a chance to strike out for himself. Indeed, many of the manufacturers are graduates of the workshops of some former employer.

E. It is peculiarly an industry adapted for women, healthful, fairly well paid, and appealing to their natural tastes and abilities. The hours are shorter than in Europe, and in our own particular city as short as the best industries for women. The establishments here work from 48 to 50 hours per week with an arrangement for Saturday half holiday the whole year round.

In conclusion, we would say that while this is a small industry, not to be compared with the great mechanical industries of the country, it is one which, if encouraged, is like unto the many small industries which have given France her strong condition and made her a land of many small business men and women, who are a source of strength to her people and her Government.

For the artificial flower and feather industry of Philadelphia:

JACOB HENLY.
THE J. T. THORN CO.,
A. S. MARKS, *President*.

**BRIEF OF THE ASSOCIATED FLOWER & FANCY FEATHER
MANUFACTURERS OF AMERICA.**

HON. OSCAR W. UNDERWOOD

AND MEMBERS OF THE WAYS AND MEANS COMMITTEE:

The American manufacturers of flowers and feathers respectfully submit the following brief in regard to section 438 of Schedule N, relating to flowers and feathers. The present duty on crude feathers is 20 per cent, manufactured flowers and feathers 60 per cent. The duty under the Dingley Act of 1897 was 15 per cent on crude feathers and 50 per cent on flowers and feathers manufactured. Since the operation of the Payne bill at an increased duty, importations are larger than they were under the lower duty of any previous act. The greater part of flowers and feathers must be considered as articles of luxury and are imported in larger or smaller quantities, not because the tariff is high or low, but entirely according to the whims of fashion and style. Whether the duty is 10 per cent or 100 per cent does not materially differ. The flower or feather that is in fashion will be imported although the duty is 100 per cent, and, on the other hand, if out of fashion and not wanted would not be imported even though no duty whatever need to be paid.

Should fashion's dictum prescribe fancy feathers they would be imported regardless of what the tariff is, and the same with flowers. Statistics prove this; when feathers are extensively used for trimmings large quantities are imported and but few flowers; if, however, flowers are the correct trimming importations show large increases. For the past few years the craze for willow plumes and ostrich feathers has been the cause of an increase in crude feather importations from \$2,036,791 in 1905 at a duty of 15 per cent to a total of over \$7,000,000 worth in 1910 at a duty of 20 per cent; this includes paradise birds and aigrettes, which of late have immensely increased in importations owing to the demands of fashion. By reason of these facts, manufactured flowers and feathers have not shown the increase which would have been the case had fashion so

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ordained; nevertheless, importations of fancy feathers classified as manufactured feathers, during the third quarter of 1910, totaled \$822,294, at a duty of 60 per cent, as compared with the total importations of this class of goods for the entire year 1905 of \$138,621, at a duty of 50 per cent. In spite of the fact, that the demand for artificial flowers for some years past has not been of much consequence, we find that during 1911 the imports reached nearly \$3,000,000 worth, at 60 per cent duty, while under a duty of 50 per cent the importations of flowers did not reach the \$2,500,000 mark during 1903, 1904, or 1905.

Therefore, it is absolutely beyond dispute that the amount of duty does not regulate the amount of importations. The importers admitted this at a previous hearing before the Ways and Means Committee through their representative, who stated on their oath at that time "You can put 10 per cent more duty on, 20 per cent duty, 40 per cent, and even 100 per cent, and I do not believe you will prevent the importation of a single flower." If, therefore, the amount of duty does not prevent importations why not fix that duty in the manner that will enable the domestic manufacturer to compete with the imported article and, at the same time, largely increase the revenues of the Government?

The foreign manufacturers of flowers and feathers are mostly located in Saxony, Bohemia, Berlin, and Paris. Most all the foreign goods are homemade, that is, the principal work is done by the wives and children of the farmers of the mountain districts of Saxony at an extraordinarily low price; in Paris and Berlin also most of the work is given outside and this labor is secured very cheaply and the rental and other expenses are reduced to a minimum on that account. In addition to this, the American importer places large orders abroad at very low prices at a time when the European makers have but little or nothing to do and thus the foreign maker is able to maintain a large organization during his dull season, which organization is at his command, when the demand of the Continent and his home market begins, on which he makes a good profit. The flower and feather workers in Europe have been trained for many generations and unquestionably possess the highest degree of perfection in the art.

The American manufacturer largely depends for his support on the profit that he might make by supplying the immediate demands of certain periods when certain articles are wanted, which can not be imported quickly enough for the domestic consumer. The American manufacturer also has created a class of merchandise in both flowers and feathers, which to a certain extent compete with imported goods and were it not for the fact that most importers, large retailers, and fashionable shops have to cater exclusively to the ultra fashionable, who will buy nothing but the imported article, regardless of price or beauty, simply to satisfy the silly craze to wear only "The imported," domestic products would have a fairer chance of competing.

There are about 175 domestic manufacturers, producing about \$2,500,000 worth of flowers and fancy feathers (this is exclusive of ostrich, paradise, and aigrette manufacturers). The salaries paid here are about four times as much as for the same class of work in Europe. The hours of labor much shorter and, with the new laws now being passed regulating factories and prohibiting home work, the domestic manufacturer can not compete with the foreign makers on an equal basis under the present duty. We must also consider that the raw materials used, particularly by the domestic flower manufacturers, pay an average duty of 50 per cent and that labor constitutes more than 50 per cent of the cost of production, while rents and other fixed charges are much higher here than abroad.

The importations of crude feathers consists mainly of ostrich, paradise, and aigrettes. We recommend that these be placed under a higher duty so as to produce a larger revenue to the Government and that all other crude feathers, which the domestic manufacturer needs as his raw materials for the making of popular-priced fancy feathers, be either free or at a duty of not more than 10 per cent.

Manufactured feathers and flowers are imported to the extent of about four to five million dollars foreign cost each year. The domestic manufacturers, therefore, produce at the present time about 25 per cent of the flowers and fancy feathers sold in this country. An increased duty on imported manufactured flowers and fancy feathers would undoubtedly produce a larger revenue and at the same time enable the domestic manufacturer to compete with the foreign products.

Competition among the domestic manufacturers is so keen that the domestic product is sold at extremely low prices, regardless of what the tariff is. This class of goods can never be controlled by trusts or combinations, as anyone with very small capital and some knowledge of the business can become a competitor. It is also a fact that no domestic manufacturer has been able, no matter how competent and how long in

PARAGRAPH 438—FEATHER MILLINERY.

business, to accumulate what may be considered a fair compensation for his enterprise and labor.

Bearing in mind the differentiation between cost of materials, labor, rents, etc., a duty of 60 per cent only partly equalizes the cost of manufacture here with abroad. Were we to endeavor to fix a perfect equalization, it appears that a duty of not less than 80 per cent would be necessary.

We also beg to call your attention to the fact that the tariff on this class of goods in most European countries in some instances is higher than here.

In conclusion it may be stated:

First. Whether the tariff is high or low, importations, being subject to the demands of fashion, are not regulated by the amount of the tariff.

Second. An increase of duty on the imported article will not increase the cost of the domestic product to the consumer.

Third. Higher duty on the imported product will enable the domestic manufacturers to better compete and develop the domestic industry and at the same time produce a larger revenue for the Government.

Respectfully submitted.

ASSOCIATED FLOWER & FANCY FEATHER
MANUFACTURERS OF AMERICA.

BRIEF OF GEORGE W. FIELD, CHAIRMAN COMMISSION OF FISHERIES AND GAME, BOSTON, MASS.

In view of the difficulty experienced by the board of inland fisheries and game during the past eight years in enforcing the Massachusetts plumage laws, I urgently recommend the amendment of paragraph 438 of the tariff act relating to feathers and down, so as to prohibit the importation of plumage of wild birds, by the insertion of a provision, so that the paragraph will read as follows:

Amend Schedule N, section 438, to read as follows:

"Feathers and downs of all kinds, including bird skins, or parts thereof, with the feathers on, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in this section, 20 per centum ad valorem. When dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, and also dressed and finished birds suitable for millinery ornaments, and artificial or ornamental feathers, fruits, grains, leaves, flowers, and stems, or parts thereof, of whatever material composed, not specially provided for in this section, 60 per centum ad valorem: *Provided*, That the importation of plumage of wild birds, crude or manufactured, is hereby prohibited except for scientific purposes."

I urge this particularly in view of the fact that during the past six years we have been obliged to prosecute upward of 75 prominent milliners for the sale of plumage of native birds. Their chief argument in justification was the fact that it was difficult for them to distinguish between the native plumage and the imported, and, further, that inasmuch as the National Government had taken duties on these feathers they were therefore justified in offering them for sale. The traffic in birds' feathers has reached enormous proportions and threatens the extermination of species of exceedingly great economic importance.

We can point to many instances where wild birds hatched in Massachusetts have been killed in enormous quantities, their feathers shipped to London and Paris, there manufactured, and returned to the United States and sold.

In our searches of the millinery establishments in Massachusetts in the enforcement of the plumage law during the past eight years we have found thousands of gulls, terns, swallows, bluebirds, and other useful birds which have been killed in the United States and returned from London and Paris and duty paid at the ports of New York and Boston. I have personally seen the bird hunters at work killing, "scalping," removing the wings or entire plumage of these birds along the whole coast from Massachusetts to the Everglades of Florida, and can personally testify to the barbarity, the economic destruction, and the extent of this practice, and to the enormous economic damage which results to the country at large from this practice. The loss of revenue to the Government is inconsequential when compared to the economic loss to the country at large in the destruction of useful birds.

GEORGE W. FIELD.

PARAGRAPH 438—FEATHER MILLINERY.

GEORGE BIRD GRINNELL, NEW YORK, N. Y., WRITES REGARD-
ING FEATHERS, DOWNS, ETC.

238 EAST FIFTEENTH STREET,
New York, February 6, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.

SIR: I venture to call the attention of your committee to a point in section 438, Schedule N, of the tariff revision, which is of great importance to the country at large, though its whole bearing is not clearly understood by all our people. This section, which has to do with the rate of duty on feathers, downs, and dressed and finished birds' skins, ought so to be amended as to prohibit the importation of the plumage of American birds, or of plumage which can not be distinguished from that of American birds, including aigrettes—the breeding plumes of certain herons and egrets.

It is now coming to be generally understood that practically all birds are of the greatest economic value, because they feed on various forms of animal life, which forms, in turn, feed on and destroy the products raised by the farmer. Without the help of the birds, which keep down these harmful insects and mammals, agriculture would be impossible. Birds constitute a tremendous force, working all through the year, to destroy noxious insects, their young, and eggs; and noxious mammals—the field mice, moles, and squirrels of different sorts. The smaller birds live to a very great extent on injurious insects, and some of them besides devour vast quantities of the seeds of the noxious weeds that the farmer has to fight against all through the growing season. Most of the hawks, owls, and herons destroy great numbers of field mice, meadow mice, and other small rodents which injure growing plants and consume grain and other vegetation. In certain portions of the South some of the herons destroy great numbers of crayfish, often a serious pest to the farmer, while all the smaller herons feed very largely on grasshoppers, cutworms, and other insects.

For the assistance of these feathered helpers the farmer of course renders no equivalent, yet were it not for the destruction which these birds cause among harmful creatures he could not raise his crops.

The Bureau of Biological Survey, which has given much time and effort to the study of the food of birds and mammals, has published much useful information on this subject.

Within the past generation or two a number of species of North American birds have become extinct, and still others are to-day apparently on the verge of extinction. When any wild creature yields a product which is commercially valuable, it is not possible for it long to survive without protection from man's attacks.

Years ago it became a fashion for women to wear feathers on their hats, and so a profit was found in killing wild birds in order that their skins and feathers might be sold for this use. A result of this was that in the Southern States, where from time immemorial many wading birds of beautiful plumage had bred in great colonies, the plume hunters resorted to these colonies in the breeding season and killed by wholesale the birds, then in their most splendid nuptial plumage, thus destroying by starvation the newly hatched young and leaving the unhatched eggs without a parent to warm them. In this way certain species, as the flamingo, the scarlet ibis, and the roseate spoon-bill, have been totally exterminated, while some of the herons, which bear the long plumes known commercially as aigrettes, have been almost wiped out of existence. Egrets and white herons once were scattered all over the South, as far north as New Jersey and the Ohio River, but to-day there are known only a few small colonies in the Southern States, and these exist only because they are guarded by wardens paid by certain bird protective societies.

That the total destruction of a colony of such birds is extremely cruel is perhaps not a matter of special concern. That these birds are approaching extinction, as some other species, notably the passenger pigeon, have become extinct, is more interesting; but it is the plain duty of Congress to take cognizance of the fact that birds which constitute an important factor in the agriculture of the South are threatened with absolute extermination.

Certain of the States of the Union, which have come to recognize the great economic value of the birds to agriculture, have prohibited the trade in the plumage of native birds. Such States are New York, New Jersey, Massachusetts, Ohio, Louisiana, Missouri, California, Oregon, and some others. By their legislation these States are endeavoring to further the interests of the farmers within their borders, and so of their

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whole population, which in the last analysis depends on the farmer. The United States has also prohibited interstate commerce in plumage forwarded in violation of local laws. It would seem, therefore, that the Federal Government should not permit the importation of articles, the use of which is forbidden in certain of the States.

Small herons, similar in general appearance to the North American species which have been almost exterminated, exist in many parts of the world. Such species are not to be distinguished from those of North America, except by the eye of the skilled ornithologist. If such species are permitted by Federal law to be imported, this will give encouragement to the further destruction of our own most useful herons, and will be an encouragement to persons trading in bird plumage to deal in native species, the buying and selling of which is in many places prohibited by local laws.

For these reasons I urge that the section above referred to be so amended as to prohibit the importation of the plumage of American birds or of birds whose plumage is indistinguishable from that of American birds.

Yours, respectfully,

GEO. BIRD GRINNELL.

AIGRETTES AND FEATHERS OF WILD BIRDS.

HUNTINGTON, N. Y., *February 13, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee.

DEAR SIR: I herewith inclose petition which if brought before your committee will be appreciated.

Yours, truly,

DOUGLASS CONKLIN.

HON. OSCAR W. UNDERWOOD,
*Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.*

We, the undersigned, desire to appeal to your committee that you recommend to Congress the removal of aigrettes and the feathers of other wild birds from the list of materials the importation of which is at the present time legalized. As we understand it, aigrettes are now contraband in the States of New York, New Jersey, Louisiana, Missouri, Oregon, and California. We believe that the Government should prohibit the importation of those birds' feathers which are contraband, as it now prohibits the importation of opium. We hope that the committee of which you are the chairman will use your influence in this direction.

CORNELIA PRIME,
Life Member Audubon Society
(And 13 others).

PONTIAC, MICH., *January 22, 1913.*

HON. OSCAR UNDERWOOD,
Chairman of the Ways and Means Committee of the House of Representatives.

DEAR SIR: We, the undersigned, earnestly urge and request that you and the members of your committee will favor the "McLean bill for Federal protection of migratory birds," and also the appeal of the National Audubon Association of Societies, as advocated in "Schedule N of the tariff law."

HERBERT H. H. FOX
(And 133 others).

UTICA, N. Y., *January 21, 1913.*

HON. SERENO E. PAYNE,
House of Representatives, Washington, D. C.

DEAR SIR: We understand that the Committee on Ways and Means of the House of Representatives will very soon give a hearing on Schedule N of the tariff law, which deals with the importation of plumage of wild birds, including aigrettes.

Wild birds are of the greatest value in every country because of the vast number of insects and seeds of weeds destroyed by them. As you probably know, the aigrettes are obtained from the white heron during the nesting season, and are torn from the parent bird while the young are left to starve in the nest.

PARAGRAPH 438—FEATHER MILLINERY.

As long as the importation of airgrettes and feathers of wild birds is legalized, just so long the birds of our own land will be killed and their plumage sold as "foreign." We therefore urge you as a member of the Ways and Means Committee, to recommend to Congress that the plumage of wild birds, including airgrettes, be removed from the list of materials which at the present time may legally be imported.

Yours, respectfully,

ELIZABETH CHRISTIAN
(And 70 others).

BRIEF OF HENRY OLDYS, SILVER SPRING, MD., ON THE IMPORTATION OF BIRD PLUMAGE, ETC.

SILVER SPRING, MD., January 28, 1913.

Hon. O. W. UNDERWOOD,
*Chairman of Committee on Ways and Means,
United States House of Representatives.*

DEAR SIR: Kindly permit me the privilege of filing the accompanying brief on the desirability of amending Schedule N, paragraph 438, of the present tariff law, so as to prohibit importation of bird plumage for millinery purposes, excepting ostrich plumes and the feathers of domesticated fowls.

Lack of time and facilities must be my excuse for not presenting this brief in more suitable shape.

Very truly, yours,

HENRY OLDYS.

REASONS WHY SCHEDULE N SHOULD BE AMENDED SO AS TO PROHIBIT IMPORTATION OF WILD BIRDS' PLUMAGE.

[NOTE.—See similar prohibition in the case of eggs of game birds in the present tariff act.]

(1) In 10 years, at the present rate of slaughter, a dozen of the world's most beautiful species of birds will be extinct. Many more will be rapidly approaching extinction.

(2) This slaughter can be stopped only by closing the markets.

(3) London, Paris, Berlin, and New York are the world's great markets for bird plumage.

(4) England and Germany are trying to close their ports to bird plumage.

(5) Equally attractive hat trimming will be substituted and will satisfy women and milliners. (This will have to be done soon, in any event; the bill anticipates the change and saves the birds.)

(6) Manufacture of artificial feathers in the United States will be stimulated.

(7) Every nation is interested in preserving beautiful and interesting things to the world.

(See amplification appended hereto.)

HENRY OLDYS,
Silver Spring, Md.

(1) In 10 years, if slaughter be unchecked, a dozen of the world's most beautiful birds will be extinct. Many more will be approaching extinction.

Remarks.—Naturally, the most beautiful birds are the ones sought for millinery purposes.

Egret: The bird which furnishes the fashionable aigrette has been practically exterminated in the United States and China, in both of which countries it was once very abundant. In Venezuela the export has been reduced from 1,500,000 in 1898 to 250,000 in 1908—a reduction of more than 83 per cent in 10 years.

Birds of Paradise: A number of different species of these beautiful birds are nearly extinct.

The long-plumaged birds of paradise, found only on the island of Jobi, were once numerous; but in 1906, despite active search by natives, only 70 skins were shipped from the island.

The red bird of paradise of the island of Waigion has become rare and will probably soon be extinct.

Each year every full-plumaged male of the great bird of paradise, found only in the Ayru Islands, is killed and the species is rapidly nearing extinction.

PARAGRAPH 438—FEATHER MILLINERY.

The blue bird of paradise has become so scarce that 20 hunters were able to find only three specimens in a three weeks' search over a large part of its limited home.

Some years previous to 1907 two Chinese traders in Humboldt Bay were exporting, every three months, about 12,000 bird skins, chiefly those of the lesser bird of paradise.

Mr. Walter Goodfellows, an English ornithologist, who has recently returned from New Guinea, the natural home of several species of birds of paradise, reports that on that island one can now walk miles and miles through the former haunts of these species (and where on an earlier trip he found them very numerous) without seeing or hearing any of even the commonest kinds.

Impeyan pheasant. The handsomely feathered impeyan pheasant has been exterminated in the lower part of its range in the Himalayas and is being vigorously pursued in its last stronghold.

Humming bird. A former governor of the island of Trinidad recently stated that during the nine years of his incumbency 12 species of humming birds inhabiting the island were exterminated.

Albatrosses: On the islands of Laysan and Lisiansky (of the Hawaiian group) the Japanese, during nine months' operations, killed 259,000 birds, mainly albatrosses, reducing the colony on Laysan to one-sixth of its original size. Had they not been arrested they would have exterminated the entire colony.

Terns: The tern, or sea swallow, formerly the most abundant bird of the Atlantic coast, was in a few years swept from the seashore, one carefully guarded colony being all that was left.

Ptarmigans: One shipment from the port of Archangel, Russia, included 10 tons of ptarmigan wings.

Skylarks: There have been 400,000 skylarks shipped from Finland to one Paris shop.

(2) This slaughter can be stopped only by closing the markets.

Remarks.—The birds sought for millinery purposes are scattered over the world, and are usually found in remote wildernesses. It is a common custom for millinery agents to obtain them through natives, much as the fur traders obtained furs from Indians. (In New Guinea they trade opium for birds of paradise). It is impracticable to enforce laws prohibiting this trade.

This condition is recognized by the Dominion Governments of the British Empire, which recently petitioned the British secretary of state for the colonies to close the London market, urging that while it remains open it is almost impossible for them to enforce their own laws protecting rare species threatened with extinction.

(3) London, Paris, Berlin, and New York are the world's great markets for bird plumage.

Remarks.—London and Paris are the principal distributing points for plumage of wild birds, Berlin for manufactured feathers. New York is the distributing point for the United States. Paris is the greatest egret market.

Some idea of the magnitude of the transactions may be obtained from the following:

London sales: At the millinery sale in the London market held in February, 1912, one firm offered plumage representing 30,000 egrets, 4,000 birds of paradise, 14,000 humming birds.

At the August, 1912, sale there were catalogued 44,000 pairs of ducks' wings (by one firm), 12,800 terns, 6,800 kingfishers, 1,000 emus (nearly).

London strike: During the recent strike in London 618 tons of bird skins and feathers were among the imported goods detained at the London docks and warehouses.

(4) England and Germany are trying to close their ports to bird plumage.

Remarks.—Four successive attempts have been made to pass laws prohibiting importation of bird plumage into England.

1. In 1908, bill introduced into House of Lords by Lord Avebury (Sir John Lubbock). Passed House of Lords. Not reached by House of Commons.

2. In 1909, bill introduced into House of Commons by (Mr. Percy Alden?). Passed House of Commons. Not reached by House of Lords.

3. In 1910, bill introduced into House of Commons. Not passed.

4. In 1911 bill introduced into House of Commons. Not passed.

Mr. James Buckland, of England, states that Germany will be first to pass such a bill, though no bill has yet been introduced into either German parliamentary body.

(5) Equally attractive hat trimming will be substituted for prohibited plumage and will satisfy women and milliners.

Remarks.—The strong opposition met by bird protectionists has been due to the claims of fashion. What fashion decrees must be worn, though the heavens fall. If fashion perforce must use other materials, this opposition will be withdrawn. Hats will still be trimmed, but with other materials; and since all will use the same kind there will be no difficulty on the score of fashion.

PARAGRAPH 438—FEATHER MILLINERY.

The proposed amendment, if adopted, will strengthen the movement in England and Germany, leaving France soon the sole market; and France will be obliged to yield before long to so strong a movement.

If no action be taken it will be but a short while before the milliners will be obliged to use other material, owing to the failure of supply; but in that event the birds will be gone beyond restoration.

(6) Manufacture of feathers in the United States will be stimulated.

Remarks.—The manufacture of feathers of domesticated fowls into hat decorations is a growing industry in the United States, as is shown by the following figures, taken from the census reports:

Manufacture of artificial plumes and flowers in the United States.

	1904	1909
Establishments.....	213	412
Number of persons engaged.....	4, 913	11, 583
Capital.....	\$2, 568, 000	\$9, 693, 000
Salaries and wages.....	\$1, 629, 000	\$5, 134, 000
Cost of materials.....	\$2, 014, 000	\$13, 627, 000
Value of products.....	\$5, 247, 000	\$23, 981, 000

Profits in 1904, \$1,604,000, on capital of \$2,568,000 (62½ per cent); profits in 1909, \$5,220,000, on capital of \$9,693,000 (53¾ per cent).

It will be readily understood that an industry paying more than 50 per cent profit on the capital invested will attract capital, and it is equally plain that if the full burden of hat decoration be thrown on artificial feathers and flowers the business of supplying the greatly augmented demand must itself be greatly augmented.

Thus the passage of the amendment, besides saving to posterity many species of birds (for our action will be followed by other nations) and winning credit to the United States for preeminence in far-sighted statesmanship and broad-minded generosity, will at the same time give employment to much of our capital and many of our laborers.

(7) Every nation is interested in preserving beautiful and interesting things to the world.

Remarks.—Think what the negative of this proposition implies. If vandals run amuck among the old statuary and paintings, no one is to lift a hand to prevent the destruction! The Laocoön, Apollo Belvedere, Venus di Medici, the works of Titian, Rembrandt, Da Vinci, Murillo, Rubens destroyed never to be replaced, because of lack of a protector among the great nations! The Sphinx broken up and carted away for building stone without a protest!

But posterity will hold the present age responsible and will brand it as Omar has been branded for destroying the Alexandrian library, and the Goths and vandals for the destruction that has become a byword and given us the terms vandal and vandalism. This will be marked as the age when ignorance, cupidity, and supineness combined to exterminate the whale, the seal, the manatee, the alligator, the American antelope, the moose, the caribou, the elk, and hosts of fur-bearing animals, besides many valuable, beautiful, and interesting birds and swarms of valuable food fishes. History will not listen to the plea, "It was not my business." I will answer: "You were there and could have prevented it; therefore, it was your business. You failed to do your duty. The only explanation is that you were corrupt, ignorant, or weak. The world was committed to your charge. How have you executed your trust? You have robbed posterity. You found the world full of varied and valuable forms of life and have left it a desert. What a man can prevent, that is he responsible for. You shall wear the badge of shame throughout succeeding ages. You shall be known as destroyers more vicious than the Huns."

PARAGRAPH 438—BED FEATHERS.

BED FEATHERS.

TESTIMONY OF W. H. ROBINSON, REPRESENTING THE
ROBINSON-RODERS CO., NEWARK, N. J.

The witness was duly sworn by the chairman.

Mr. ROBINSON. I want to get changed if possible paragraph 438, Schedule N. The present duty on the manufactured article is 60 per cent. We ask to have downs for bedding purposes, crude, dressed, or manufactured, reduced to 35 per cent.

Mr. FORDNEY. What paragraph are you speaking of?

Mr. ROBINSON. Paragraph 438, Schedule N.

We ask to have feathers for bedding purposes, manufactured or dressed, reduced from 60 per cent to 25 per cent. We ask to have feathers for bedding purposes, raw or crude, reduced to 10 per cent. We ask to have feathers for bedding purposes that have been used for humans—in other words, second-hand feathers—put at a duty of 100 per cent.

The CHAIRMAN. What is that?

Mr. ROBINSON. A duty of 100 per cent, making it prohibitory.

The CHAIRMAN. Can not feathers be cleaned?

Mr. ROBINSON. Yes; they can.

The CHAIRMAN. If they are cleaned, is there any reason why they should not come in?

Mr. ROBINSON. The boards of health usually order them destroyed, so they must think they can not be cleaned satisfactorily.

For your information, about 50 per cent of the feathers used in first-class pillows in this country are second-hand. I know that because I have sold a lot of them.

Mr. KITCHIN. How much do you ask us to reduce the finished product?

Mr. ROBINSON. About on an average of 50 per cent. Our understanding is it is your intention to reduce the tariff, and we want to operate right along.

The CHAIRMAN. On this article you are talking about the duty is largely prohibitory. We are not proposing to reduce the tariff just blindly. If a reasonable amount of importations come in, and there is reasonable and full competition, that does not necessarily mean we are going to reduce the rates. Where we run against prohibitive rates, and not fair competition, I think it is the purpose of the committee to reduce the duties. There seems to be very little competition from abroad in this item about which you speak.

Mr. ROBINSON. It is not a large business, anyway. The items which come under paragraph 438, feathers for millinery purposes and feathers for bedding purposes, are not separated. Feathers for millinery purposes is a very much larger item of importation than bed feathers.

The CHAIRMAN. There is practically no importation of bed feathers in this country, is there, under this 60 per cent duty?

Mr. ROBINSON. Under the 60 per cent duty?

The CHAIRMAN. Yes.

Mr. ROBINSON. Yes; there is quite a large importation, but it does not pay 60 per cent.

PARAGRAPH 438—BED FEATHERS.

The CHAIRMAN. How does it come in?

Mr. ROBINSON. It comes in under the raw and because of the difficulty of the inspectors, or whoever has charge of that, telling the difference between a raw feather and a manufactured one.

The CHAIRMAN. That does not seem to be so very large.

Mr. ROBINSON. It is not large. The whole business is not a large business. It is a small business. I do not suppose the whole industry in the United States amounts to \$3,000,000, if that much.

The CHAIRMAN. The total importations only seem to be \$37,000.

Mr. ROBINSON. I am very sorry for the accuracy or the inaccuracy of that information, because we ourselves paid a duty to the Government of about \$15,000 last year. That is about 20 per cent on \$70,000, about twice what they say the total importation was.

The CHAIRMAN. I mean the crude feathers. Here is the Government report.

Mr. ROBINSON. We do not bring in anything else but crude feathers. We are manufacturers.

The CHAIRMAN. Feathers, natural and artificial and downs, including bird skins, the total importation was \$37,000.

Mr. ROBINSON. Pardon me, but I think there is something wrong there.

The CHAIRMAN. Wait a minute. The plain, crude, not dressed, colored or manufactured, and ostrich feathers, \$758,000.

Mr. ROBINSON. In 1912, for 11 months, there was \$1,445,805 imported.

The CHAIRMAN. But that is the whole thing.

Mr. ROBINSON. Yes.

The CHAIRMAN. That includes feathers for ladies' ornaments?

Mr. ROBINSON. Yes.

The CHAIRMAN. And you stated that ladies' ornaments made up the largest proportion?

Mr. ROBINSON. Yes. Was the item you gave me bed feathers?

The CHAIRMAN. Yes.

Mr. ROBINSON. It is absolutely wrong, because we paid, as I say, a duty of \$14,983.75 ourselves.

The CHAIRMAN. I am reading from the Treasury report.

Mr. HILL. Were they withdrawn from consumption?

Mr. ROBINSON. Yes. We paid the duty and so they must be withdrawn.

Mr. KITCHIN. Since June 30, 1912, did you pay that amount?

Mr. ROBINSON. No; during 1912, from January.

Mr. KITCHIN. Our figures are for the fiscal year ending June 30, 1912.

Mr. ROBINSON. That might be.

Mr. KITCHIN. July 1, 1911, to June 30, 1912. That is the period covered by our figures.

Mr. ROBINSON. Then it would be about the same. It could not be a very material difference, because they are coming in scattered along.

Then, again, we are not the only importers. There are pretty nearly 300 men in the United States engaged in our business.

Mr. KITCHIN. Do you use all the feathers you receive as bed feathers, or different feathers which you have imported and upon

PARAGRAPH 438—BED FEATHERS.

which you paid \$14,000 duty? Were they used by your firm as bed feathers?

Mr. ROBINSON. Yes, sir. They are manufactured and separated. We extract the downs, and they are used for down quilts and various other purposes. The feathers are used for pillows and other purposes, but principally bed feathers.

Mr. KITCHIN. Were they invoiced to you as bed feathers?

Mr. ROBINSON. No, I think not.

Mr. KITCHIN. That is it. You see you brought them in under some other clause—"all others not specified."

Mr. ROBINSON. Yes; they came in specified as to what they are, either duck feathers or goose feathers.

Mr. KITCHIN. I mean bed feathers; feathers for beds?

Mr. ROBINSON. I do not think they are invoiced in that way.

The CHAIRMAN. Then, if your importations are not invoiced in that way, they do not appear in this computation.

Mr. KITCHIN. I think you invoiced them that way, because the other feathers paid a duty of 60 per cent, and bed feathers pay a duty of only 20 per cent.

Mr. ROBINSON. No; it does not make any distinction. It just simply says "raw feathers," whether they are for millinery purposes or any other purposes. I suggest that they change this and separate them.

Mr. KITCHIN. What per cent of duty did you pay on these feathers you imported?

Mr. ROBINSON. Twenty per cent.

Mr. KITCHIN. There must be a big mistake somewhere, because the figures here that the department gives make it only \$37,852, of feathers for beds.

Mr. PETERS. Might it not have been under that next item entitled "Crude and not dressed?"

Mr. ROBINSON. They all come in under that.

Mr. PETERS. No; the importations under that were \$3,794,000.

Mr. KITCHIN. That is ostrich feathers.

Mr. ROBINSON. They are ostrich feathers and quills and various kinds of feathers that come in raw, and they are used by the millinery trade for ornamentation of ladies' hats.

Mr. PAYNE. Ostrich feathers are handled separately by themselves in the importations there, not in the law itself, but in the Government reports.

Mr. ROBINSON. Yes. Well, they may have their reasons for doing that.

Mr. PAYNE. There were five or six million dollars' worth imported some years, of other feathers, crude and not dressed, colored, or manufactured. The importations, I say, have increased notwithstanding the duty was increased from 15 to 20 per cent. The importations increased from \$234,621 in 1905 to \$1,277,000 in 1910. They were \$804,109 in 1911 and were \$1,148,000 in 1912. Twenty per cent seems to be a more competitive duty than 15 per cent.

Mr. ROBINSON. I do not think it makes much difference what the duty would be. If the women want the feathers, they will pay any price for them if they can get them.

PARAGRAPH 438—BED FEATHERS.

Mr. KITCHIN. Whatever a woman wants is a necessity, not a luxury, is it not?

Mr. PAYNE. You seem to be all agreed; I guess that is something. The brief of the Robinson-Rodgers Co. follows:

We understand that it is the intention of Congress to lower the tariff duties so far as possible and have sufficient revenue left.

Our recommendations as to changes in Schedule N, paragraph 438, are made with a view to assisting your honorable body along those lines.

Second. We believe your revenue under suggested reductions would not be decreased.

Third. For the reason that importations would undoubtedly increase with reduced duty.

Fourth. Our definition of the words "manufactured" and "dressed" is made with a view to prevent errors in classification.

Down is used exclusively by our wealthier citizens and is a luxury.

The quality of feathers imported for bedding purposes is mostly used by the middle class and people of very moderate means.

These feathers are a necessity.

The largest percentage of feathers imported into the United States are gray duck feathers.

No similar quality is produced here.

The imported duck new feather competing with the domestic second-hand feather.

Amend paragraph 438, Schedule N, to read: "Downs for bedding purposes, crude, dressed, or manufactured, 35 per cent; feathers for bedding purposes, manufactured or dressed, 25 per cent; feathers for bedding purposes, raw or crude, 10 per cent; feathers for bedding purposes that have been used by humans, 100 per cent."

Bird skins, or parts thereof, with the feathers on, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in this section, 20 per cent ad valorem; when dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, and also dressed and finished birds suitable for millinery ornaments, and artificial or ornamental feathers, fruits, grains, leaves, flowers, and stems or parts thereof, of whatever material composed, not specially provided for in this section, 60 per cent ad valorem; boas, boutonnieres, wreaths, and all articles not specially provided for in this section, composed wholly or in chief value of any of the feathers, flowers, leaves, or other materials or articles herein mentioned, 60 per cent ad valorem.

Manufactured or dressed within the meaning of the act shall mean any feathers which have been steam dressed, or dusted, or have been put through any machinery for the purpose of extracting the dirt or feathers or down.

THE ROBINSON-RODGERS CO.,
W. H. ROBINSON, *President*.

**BRIEF OF PETER WOLL & SONS' FEATHER CO., PHILADELPHIA,
PA., IN RE BED FEATHERS, ETC.**

PHILADELPHIA, PA., *February 10, 1913.*

HON. O. W. UNDERWOOD,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: As one of the largest manufacturers of bed feathers and downs here in the East, and in anticipation of the new tariff which the coming special session of Congress is expected to take up, we take the liberty of submitting to you our ideas on the proper rate of duty to be fixed on importations of crude and manufactured bed feathers and downs.

The domestic production of raw feathers is altogether inadequate for manufacturing requirements, making it imperative for manufacturers to obtain the deficiency from foreign sources.

Aside from the small revenue which the Government derives therefrom, the present duty of 20 per cent on crude feathers and downs serves no practical purpose and, on the contrary, is a positive hindrance to the development of the manufacturing interests and likewise an unnecessary burden on the consuming public.

We have for years advocated the elimination of the duty on the raw goods and would be quite willing to acquiesce in a corresponding reduction of 20 per cent on the present

PARAGRAPH 439—FURS.

duty of 60 per cent on the manufactured article, namely, bed feathers and downs, making the same under the proposed revised tariff 40 per cent.

We attach hereto abstract of the present tariff covering feathers and downs, together with our proposed revision of same, to which we invite your support.

We shall be glad to furnish any desired information on the subject, and awaiting a reply at your early convenience, remain,

Yours, truly,

PETER WOLL & SONS' FEATHER CO.,
PAUL E. WOLL.

[Inclosure.]

PRESENT TARIFF.

438. Feathers and downs of all kinds, including bird skins or parts thereof, with the feathers on, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in this section, 20 per cent ad valorem; when dressed, colored, or otherwise advanced or manufactured in any manner, including quilts of down and other manufactures of down, and also dressed and finished birds suitable for millinery ornaments, and artificial or ornamental feathers, fruits, grains, leaves, flowers and stems or parts thereof, of whatever material composed, not specially provided for in this section, 60 per cent ad valorem; boas, boutonnières, wreaths, and all articles not specially provided for in this section, composed wholly or in chief value of any of the feathers, flowers, leaves, or other materials or articles herein mentioned, 60 per cent ad valorem.

PROPOSED REVISION.

438. Feathers and downs of all kinds, when dressed, colored, or otherwise advanced or manufactured in any manner, 40 per cent ad valorem; bird skins or parts thereof with the feathers on, crude or not dressed, colored, or otherwise advanced or manufactured in any manner, not specially provided for in the above section ———; feathers and downs, also quilts of down and other manufactures of down, and also dressed and finished birds suitable for millinery ornaments, and artificial or ornamental feathers, fruits, grains, leaves, flowers, and stems or parts thereof, of whatever material composed, not specially provided for in this section, ———; boas, boutonnières, wreaths, and all articles not specially provided for in this section, composed wholly or in chief value of any of the feathers, flowers, leaves, or other materials or articles herein mentioned, ———.

FREE LIST.

Feathers and downs of all kinds, crude or not dressed, colored, or otherwise advanced or manufactured in any manner.

PARAGRAPH 439.

Furs dressed on the skin, not advanced further than dyeing, but not repaired, twenty per centum ad valorem; manufactures of furs, further advanced than dressing and dyeing, when prepared for use as material, including plates, linings, and crosses, thirty-five per centum ad valorem; articles of wearing apparel of every description, partly or wholly manufactured, composed of or of which fur is the component material of chief value, fifty per centum ad valorem. Furs not on the skin, prepared for hatters' use, including fur skins carotred, twenty per centum ad valorem.

FURS.

**TESTIMONY OF ALEXANDER HEILBRONER, REPRESENTING
ASSOCIATED FUR MANUFACTURERS, NEW YORK CITY.**

The witness was duly sworn by the chairman.

Mr. HEILBRONER. Mr. Chairman and gentlemen, I appear in reference to paragraph 439, the fur schedule. I represent the Associated Fur Manufacturers of New York City, an incorporated organization of 100 manufacturers, which has been in existence for a number of years.

PARAGRAPH 439—FURS.

I wish to say that the present rate of duty as existing under the Payne Act of 1909 is entirely satisfactory to our manufacturers, with the exception that we would like to have eliminated, as has been previously stated before this committee, the three words in the second line, "but not repaired," to make plain the intent of the law.

The CHAIRMAN. I think we understand about that, about what you want, but we will have to look into it before we can reach a decision.

Mr. HEILBRONER. I would like to present for your consideration three exhibits showing the exact relations. This Exhibit A [indicating] represents what we call an absolutely perfect skin, perfect in so far as there are no defects and have been no defects in that skin.

This Exhibit B [indicating] represents a similar skin that had a defect which has been repaired, as you will see.

Those [indicating] are muskrat skins that have been dyed in imitation of seal.

The CHAIRMAN. Under the law as first interpreted by the customs authorities, this skin [indicating] went into the 35 per cent class?

Mr. HEILBRONER. Yes, sir.

The CHAIRMAN. And that skin [indicating] was 20 per cent?

Mr. HEILBRONER. Yes, sir.

The CHAIRMAN. Under the present interpretation of the Board of General Appraisers they put this back [indicating] in the same class with the others?

Mr. HEILBRONER. Yes, sir. Those defects are caused either by a knife cut at the time the trapper removes the skin, or possibly in the process of dressing. A careless slip of the dresser may cause the cut, and in order to undo some of that damage that he causes he repairs or sews up that cut before it gets to the final process of dyeing. It adds but little if anything to the value of the skin; it simply makes it a more merchantable piece.

Mr. FORDNEY. If these three words are eliminated will it not again bring back the possibility of getting goods that should go into this 35 per cent class back into the 20 per cent class, as it did under the Dingley law?

Mr. HEILBRONER. Absolutely not. You have provided for that by stating, "When not further advanced than dressing or dyeing." When any further work is done to the skin than dressing and dyeing it puts it into the 35 per cent class.

Mr. FORDNEY. That phraseology has also been added which was not in the Dingley law?

Mr. HEILBRONER. Yes, sir; the 35 per cent clause applies to articles composed of more than one skin that has been either temporarily or permanently sewn together in the shape of strips or plates or mats. For instance, this Exhibit C is what we call a strip. It is composed of 10 skins that have been sewn together. That is what is considered as dutiable at 35 per cent.

Mr. FORDNEY. Under the old law this came in at 20 per cent?

Mr. HEILBRONER. Under the Dingley law; yes, sir.

Mr. FORDNEY. To avoid that very thing those three words were added to the Payne tariff law.

PARAGRAPH 439—FURS.

Mr. HEILBRONER. By adding those three words you have put that skin in the same class at 35 per cent.

Mr. FORDNEY. And by the ruling of the Board of Appraisers that has been brought back into the 20 per cent class now?

Mr. HEILBRONER. Yes, sir.

Mr. FORDNEY. The only thing you are afraid of is that you may be put back into the 35 per cent class again?

Mr. HEILBRONER. Yes. They may tamper with the ruling again. It was an expensive process for the manufacturers and importers of the country to hold up the industry for practically eight months until we could get a ruling on it, because until we knew the cost of our raw material we were not in a position to quote prices.

Mr. FORDNEY. I agree with you that it ought to be done if it is possible to do it, so as not to permit these other goods to come in at that lower rate.

Mr. HEILBRONER. We believe it perfectly proper that an article of this kind, composed of more than one skin, should pay a higher rate of duty than an article of the kind which is still a skin, even though it has been repaired. We would like to have the phraseology of the intended law changed, so that there will be no question about it.

The CHAIRMAN. You contend that if we strike out from the paragraph these three words that this larger piece of 10 skins, sewed together, will pay 35 per cent?

Mr. HEILBRONER. Yes, sir.

The CHAIRMAN. It will pay it even if we knock out those three words?

Mr. HEILBRONER. Yes, sir; without the addition of any language whatever.

Mr. FORDNEY. Under the added language in the Payne law which is not in the Dingley and which is not included in those three words.

Mr. HILL. If those two skins, which are matched in color and fur, are basted together, it would come in at 20 per cent.

Mr. HEILBRONER. No, sir.

Mr. HILL. Why? It does not make a strip of anything; simply two skins matched up.

Mr. HEILBRONER. But they are further advanced than dressing and dyeing.

Mr. HILL. That is just exactly what I think.

Mr. HEILBRONER. Consequently it would come in at 35 per cent under the present law.

Mr. HILL. Just specify single skins.

Mr. HEILBRONER. It would be entirely satisfactory to the industry of the country if the committee will make it plain, either way, as they see fit. But we protest against the paying of an additional duty of 15 per cent when an article has simply been sewed up to preserve it from further damage, and is not further advanced than dressing and dyeing.

Mr. HILL. You would not object to having it in a single skin.

Mr. HEILBRONER. Absolutely not. I would like to file this brief for your further information.

The CHAIRMAN. File it with the clerk.

PARAGRAPH 439—FURS.

The brief of Mr. Heilbroner, referred to, is as follows:

NEW YORK CITY, *January 28, 1913.*

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The bearer, Mr. Alex. Heilbroner, has been duly appointed by the Associated Fur Manufacturers (Inc.), to represent the members of this association at the hearings upon the tariff now being held by your committee.

Respectfully,

[SEAL.]

ASSOCIATED FUR MANUFACTURERS (INC.),
MAX THORN, *President.*
FRED KAUFMAN, *Secretary.*

NEW YORK, *January 29, 1913.*

The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Associated Fur Manufacturers, an incorporated body of the State of New York, begs to present through its representative, Mr. Alexander Heilbroner, the following petition for your consideration:

Schedule N, paragraph 439, should be revised in the following manner. The three words, "but not repaired," which appear in the second line should be omitted for the following reasons:

Nearly every animal is killed by some instrument which makes one or more holes in the skin; the process of dressing and dyeing also causes some defects; these holes and defects are repaired; the cost of repairing is next to nothing and is included in the cost of dressing and dyeing. It is done to prevent further damage and to give the skin a merchantable appearance, but adds nothing to its value.

While it was evidently the original intention of the makers of the act of 1909 that furs dressed on the skin, but not advanced further than dyeing, should be dutiable at 20 per cent ad valorem, the three words "but not repaired" have given an ambiguous meaning to the intent of the makers, which required a decision of the Board of the United States General Appraisers to define its classification.

This decision of the Board of General Appraisers was obtained after a lengthy period of uncertainty in the trade and involved very large expenses to the manufacturers throughout the country, and when obtained was of the unanimous opinion that the three words so inserted were not intended to advance the duties on furs and skins that had not been advanced further than dressing or dyeing.

In order that your petitioners and the manufacturers throughout the country may not again be placed in a position requiring a decision of the board of appraisers to state the intent of the makers of the law, it is most respectfully requested that the three words be omitted, thereby leaving an incontestable construction to the paragraph as it exists.

Respectfully submitted.

THE ASSOCIATED FUR MANUFACTURERS.

TESTIMONY OF ALFRED EISENBACH, REPRESENTING FUR MERCHANTS' CREDIT ASSOCIATION, NEW YORK CITY.

The witness was duly sworn by the chairman.

Mr. EISENBACH. Gentlemen, as a member of the Fur Merchants' Credit Association of New York I have been selected to appear before you and to say on their behalf that we are perfectly satisfied with the present tariff schedule on furs. We, however, would respectfully ask to have the three words in the paragraph 439, second line, "but not repaired," stricken out.

Mr. PAYNE. What do you want stricken out?

Mr. EISENBACH. The three words "but not repaired."

Mr. PAYNE. Oh, yes; I remember about those. They brought in some coats and ripped out the armholes.

PARAGRAPH 439—FURS.

The CHAIRMAN. I have not before me the Dingley law, but were those words in the former law?

Mr. EISENBACH. No.

Mr. PAYNE. No; they were put in the present law of 1909.

Mr. EISENBACH. These words are ambiguous, and have caused the fur trade a great deal of expense; that is, the interpretation of the meaning of these three words.

After a long delay the General Board of Appraisers have rendered a decision nullifying the meaning as formerly interpreted. We would therefore like, in order to prevent a possible recurrence of the same situation, to have these words taken out.

The CHAIRMAN. What do you say would be the effect on the importation in this line of goods if those words were to be taken out?

Mr. EISENBACH. These words "but not repaired" were interpreted first as coming under the same line of furs as plates, which were raised from a 20 per cent duty to a 35 per cent duty. We proved to the board of appraisers that a repaired skin, in the sense of the fur trade, is not a manufactured part of the skin, not sewed together out of several kinds of skin, but simply certain holes and tears which will occur in the process of dressing and dyeing, which have been sewed up in order to hold the skin together; that they do not come under the same schedule as several skins put together, which were interpreted as partly manufactured, and which duty had been raised to 35 per cent, while it was formerly only 20 per cent.

We are perfectly willing to have it remain that way, but since we have that decision of the board of appraisers—it was then understood by everybody that these three words were really not of any consequence, so we would like to have them stricken out and the duty remain as it is.

The CHAIRMAN. Where do those skins go if we strike out the words "but not repaired"? In what portion of the bill, when the repaired whole skins are imported?

Mr. PAYNE. They come in as they did before.

Mr. EISENBACH. They come in under the 20 per cent schedule the same as any skins that are coming over dressed and dyed from the other side.

The CHAIRMAN. Suppose we strike it out of the schedule?

Mr. EISENBACH. They would come under the same schedule as they are coming in now.

Mr. HAMMOND. They are paying 35 per cent, if you strike these words out?

Mr. EISENBACH. No; they are paying 20 per cent, because we have the decision of the board of appraisers reducing it to 20 per cent. It was raised on account of these words and we protested, and successfully, because it was proven they should not come under the schedule where they say "repaired for use as material," which was raised to 35 per cent. These temporary sewed skins, which is only a defect sewed up, can not possibly come under the same line as several skins sewed together which are entirely manufactured.

Mr. PAYNE. Were you before the committee in 1909?

Mr. EISENBACH. No.

PARAGRAPH 439—FURS.

Mr. PAYNE. An importer brought in one of these repaired skins as a sample and laid it before the committee. A gentleman who was familiar with the business held it up before the committee and ripped out what had been sewed into the armhole of each side and showed a perfectly developed garment. I think they had the sleeves that they ripped out of another piece enough to show the garment was fully made, sewed together in every respect, different skins, except these armholes were sewed up, and they called that "repair." Accordingly they got it through the customhouse in that shape as a repaired skin.

The purpose of this was—and I am glad it has been effectual, even for four years—to keep out those made garments that came in under that pretense. That was a specimen which was shown us, brought in here by an importer, to show what a grievous wrong it would be to put an extra duty on it.

When the committee saw it, saw the shape of the skin, and saw the shape of the garment as it came out, they put in those words that threw them into the other class, along with made-up garments.

The CHAIRMAN. But he says the board of appraisers did not take your construction of it, and left them at the other rate.

Mr. FORDNEY. Only on those that are repaired. But the kind that Mr. Payne is speaking of still come in under this provision, I should say.

And let me say further: A gentleman came here with a skirt made of fur, with 150 odd skins. All that was necessary to complete that skirt was to put the band on the skirt, sew it up on the side, put a band on the bottom, and you had the skirt completed.

Those came in as repaired garments under the old law, and this language was put in here which put a higher rate of duty on that class of goods.

The CHAIRMAN. The witness now says it did not accomplish that result.

Mr. FORDNEY. If I understand him, and I want to understand him, you have referred to skins that are torn in manufacture and preparation, and so on, where holes are made in them, and that hole is repaired, for instance. This law affects the rate on that class of skins, concerning which you have a decision from the board of appraisers, but not such goods as Mr. Payne has described as a dress and the goods I have described as a skirt?

Mr. EISENBACH. Such as Mr. Payne describes and what you are trying to describe, I say, would remain just as they are, at 35 per cent. But the skins that are repaired only so that they will not fall apart, and that are not partly manufactured, are the goods concerning which we have had this decision from the board of appraisers and obtained relief, and we believe it to be perfectly right. But we want to have the words which caused all the trouble "but not repaired" stricken out, for that purpose. The others are all covered at a 35 per cent duty.

Mr. FORDNEY. You have sought and obtained relief for the repaired skins?

Mr. EISENBACH. Yes.

PARAGRAPH 439—FURS.

Mr. FORDNEY. But the skins referred to by Mr. Payne and myself pay the higher rate of duty under this law, whereas under the old law they all came in under the old rate?

Mr. EISENBACH. Quite correct, but you have already said in your paragraph here that these skins, such as you mean, shall pay 35 per cent, and we are perfectly contented. But you also put in the paragraph that skins not further advanced than dressing and dyeing "but not repaired" should pay 35 per cent.

Mr. FORDNEY. I agree with you. But you say you have sought and obtained relief.

Mr. EISENBACH. Yes. Therefore these words in the new law under that schedule are absolutely of no use.

Mr. FORDNEY. If you take that language out of this law, then will there not be the same danger as there was under the old law?

Mr. EISENBACH. I do not think so, because you have the schedule prepared whereby these skins further advanced should pay 35 per cent duty.

Mr. FORDNEY. Mr. Chairman and Mr. Witness, I will say if language can be put in there to protect this higher class of goods, that more will not be put upon it than really repaired skins, it would be perfectly proper; but I do not see any injustice to this man's business now, because he only pays the rate on repaired skins, by an interpretation of this law made by the board of appraisers.

Mr. HAMMOND. You have a decision, you say, from the board of appraisers admitting these skins under the 20 per cent rate?

Mr. EISENBACH. Quite right.

Mr. HAMMOND. What difference does it make to you whether this language stays in the law or not?

Mr. EISENBACH. It might be interpreted again. I do not know whether the decision of the board of appraisers will be final under a new administration. It might be interpreted again the way it was first interpreted, and it would then again cause a great deal of expense to have the same thing to do over again. If these words are left out we are perfectly willing to pay the 35 per cent duty on such skins as Mr. Payne and Mr. Fordney have spoken about. I do not see that any possible damage could be done by striking these words out.

Mr. HAMMOND. If the decision is made protecting you, there could not be any damage come from leaving them in.

Mr. EISENBACH. But of course we do not know whether the decision is permanent, and if it were to be changed we would simply have to go over this same thing again and go to a great deal of expense, only to accomplish the same thing, while if these words are taken out it would not be necessary. The rest of the paragraph is plain as to what comes in under the 35 per cent duty; it specially provides for skins that come in prepared for use as material to pay the 35 per cent duty, and that is perfectly satisfactory to us. And with these three words out these repaired skins that are not advanced further than dyeing would come in under the 20 per cent duty, as they are coming in now.

Mr. HAMMOND. Is the language the same as it was in the Dingley law?

Mr. EISENBACH. It is the same as in the Dingley law, but these words "but not repaired" were not in it.

PARAGRAPH 439—FURS.

Mr. HAMMOND. That is the only difference?

Mr. EISENBACH. Yes; and they have caused this great expense to the fur merchants.

Mr. HAMMOND. Evidently that language does not take care of the goods which Mr. Payne and Mr. Fordney have described.

Mr. EISENBACH. I think that it does in the paragraph. If you will permit me, I will read it to you:

Furs, dressed on the skin, not advanced further than dyeing, but not repaired, 20 per cent ad valorem; manufactures of furs, further advanced than dressing and dyeing, when prepared for use as material, in plates, linings, and crosses, 35 per cent ad valorem; articles of wearing apparel of every description, partly or wholly manufactured, composed of or of which fur is the component material of chief value, 50 per cent ad valorem; furs not on the skin, prepared for hatters' use, including fur skins, carotted, 20 per cent ad valorem.

Since you have prepared in that special paragraph the words "but not repaired" are absolutely unnecessary, because you protect in the next paragraph the other skins sewed together, which pay 35 per cent duty.

Mr. JAMES. What effect would an increase of this tariff on furs have? Would it bring in any more revenue?

Mr. EISENBACH. Hardly, because the skins which are sewed temporarily are in the minority. The skins are coming in at 20 per cent, and it would be an injustice to put that back after we have fought it and it has been decided in our favor.

Mr. JAMES. I am not talking about putting it back. I am asking you the general question, whether or not an increase of these duties would bring more revenue to the Government?

Mr. EISENBACH. Certainly.

Mr. JAMES. How much would an increase of 10 per cent bring, do you think?

Mr. EISENBACH. I do not know how much are imported and I am not prepared to state.

Mr. HARRISON. Of the undressed skins during the last fiscal year \$17,000,000 worth came in; but of the kind that were taxed, that is, dressed skins, \$8,125,000, taxed at an average of 25 per cent, the average being arrived at by including fur hats and fur garments, which are taxed higher than the 20 per cent rate. So that by imposing a 10 per cent tax on the undressed skins we would collect a million and three-quarters revenue, and by putting a 40 per cent rate upon the dressed skins we would get three million and a quarter revenue on articles which at present only produce a little \$2,000,000.

Mr. EISENBACH. I am not prepared to say whether an additional duty should be put on. It has never been put on before. You would thereby protect your home industries.

The CHAIRMAN. If the duty were put on the raw fur that came in and was raised on the finished product to the same extent, it would not injure the industry at all, would it?

Mr. EISENBACH. I think it would to a great extent injure the industry.

The CHAIRMAN. Why?

Mr. EISENBACH. There are a great many furs which are brought in, not as luxuries, but as necessities, and it would hurt the poor people very much; it would hurt those people who would have to pay more for goods than they were paying heretofore.

PARAGRAPH 439—FURS.

The CHAIRMAN. What furs do you class necessities?

Mr. EISENBACH. All cheap furs.

The CHAIRMAN. How cheap?

Mr. EISENBACH. They range all the way from 10 cents a skin——

The CHAIRMAN. I mean in the finished article. What are those furs which you refer to made into?

Mr. EISENBACH. They are made into garments, men's coats, women's coats, neckwear, etc.

The CHAIRMAN. At what price do those cheap furs sell?

Mr. EISENBACH. To the retailer?

The CHAIRMAN. No; to the consumer.

Mr. EISENBACH. It varies; they bring from \$20 to \$25.

The CHAIRMAN. You do not consider a \$20 or \$25 coat an absolute necessity, do you?

Mr. EISENBACH. No; I do not think so.

Mr. JAMES. What per cent of the plain people use furs?

Mr. EISENBACH. That I can not answer either.

Mr. FORDNEY. It depends upon what States they are in.

Mr. EISENBACH. Yes. A great many people away out west use them. It is a necessity for the car drivers. They have to have fur coats because it is very cold. There is a gentleman here who is representing a fur-manufacturing industry of New York, who could perhaps answer these questions much better than I can. Mr. Heilbroner is here.

Mr. JAMES. You have a decision that virtually strikes out these words "but not repaired?"

Mr. EISENBACH. We have that decision; yes, sir.

Mr. JAMES. But you have sufficient confidence in it to let it stand that way, but you want us to strike the words out so as it will not be necessary to have any further decisions upon it?

Mr. EISENBACH. It would be simpler. We have evidence enough and I think we could easily get the decision again. It would be an unnecessary and unpleasant expense. I do not know that it would be necessary to file the case over again, but we want to prevent the possibility of such a recurrence, and we ask that the words be stricken out.

Mr. JAMES. You think it would be an unpleasant expense, you say?

Mr. EISENBACH. I think so.

Mr. DIXON. If the words were stricken out, would not the importers insist that the same interpretation that was given to the section before, should be again given to it?

Mr. EISENBACH. No; we are perfectly contented with the present tariff. It would not change it at all. We are perfectly content to let it remain as it is. Our only reason for asking to have those words stricken out is that they are unnecessary under the decision that has been rendered in our favor, and also because you provide in another clause in the paragraph for a 35 per cent duty on partly manufactured goods.

Mr. HAMMOND. Out what furs are you making the cheap fur coats that are worn by the farmers and cattlemen, etc.?

Mr. EISENBACH. Dogs, goats, sheep, raccoons, and so forth.

Mr. HAMMOND. Are those the cheapest coats?

PARAGRAPH 439—FURS.

Mr. EISENBACH. Yes, sir.

Mr. HAMMOND. Are those particular furs imported to any large extent?

Mr. EISENBACH. I do not think so. Do you mean the finished coat or the material?

Mr. HAMMOND. I mean the material.

Mr. EISENBACH. Yes; they are imported to some extent. I believe they have perhaps decreased on account of the raise in duty to 35 per cent. They formerly all came in at 20 per cent. They were raised to 35 per cent and the importation has decreased.

Mr. HAMMOND. How many manufacturers in this country make these cheap fur coats, the heavy, rough fur coats, used by cattlemen and others?

Mr. EISENBACH. I should say perhaps 50.

Mr. HAMMOND. Their raw material is imported, you say?

Mr. EISENBACH. Not all of the raw material is imported. Some of it comes from this country.

Mr. HAMMOND. But very much of it is imported?

Mr. EISENBACH. A great deal of it.

Mr. HARRISON. And those materials all bear duty now, the dogskins, etc.?

Mr. EISENBACH. They all have a duty of 35 per cent now.

Mr. HARRISON. Where we are talking about putting a duty upon raw furs, we are talking about putting a duty upon martins and sable and all kinds of black foxes and silver foxes, the most luxurious and high-priced articles that are in market now.

Mr. EISENBACH. You would have to classify them.

Mr. HARRISON. All except the raccoon skins.

Mr. EISENBACH. There are lots of other skins coming in now that are used for cheap manufacturing.

Mr. HARRISON. You did not include them in your statement. Suppose you enumerate the others.

Mr. EISENBACH. I did not refer to them because they have always been free of duty—

Mr. HARRISON (interposing). Yes. All of the very luxurious, valuable, and expensive furs are on the free list now and always have been.

Mr. EISENBACH. I do not understand.

Mr. HARRISON. The furs of which \$17,000,000 worth came in free are the luxurious, expensive, and valuable furs. The dogskins, the goatskin, etc., which you say go to make the cheaper fur coats, are now on the dutiable list. Is not that true?

Mr. EISENBACH. Yes; but I think the statement is not quite correct. The \$17,000,000 worth of importations do not come from these luxurious furs at all.

Mr. HARRISON. They are all included within it, are they not?

Mr. EISENBACH. They are in the minority, absolutely.

Mr. HARRISON. The silver foxes that come in—

Mr. EISENBACH (interposing). Silver foxes are not imported at all; they are caught in this country.

Mr. HARRISON. And black foxes?

Mr. EISENBACH. They are not imported.

PARAGRAPH 439—FURS.

Mr. HARRISON. You mean that they come from Alaska?

Mr. EISENBACH. Yes.

Mr. HARRISON. Then the sable?

Mr. EISENBACH. Sable comes partly from Europe and they are partly caught in this country.

Mr. HARRISON. There are no real sable here, are there?

Mr. EISENBACH. Real sable? You will have to classify that. We have an American marten that is called sable and we have a Russian sable that is called sable.

Mr. HARRISON. In spite of the confusing trade names in the fur trade, the fact remains that the luxurious and expensive furs which are imported are coming in free and the kind which are used to make a cheap coat, with the exception of raccoon fur, already bear a duty.

Mr. EISENBACH. I think the skins that are used as a luxury, which come in under that schedule are very, very small as compared with the ones used by the general public and by the poor people. You have referred to the most expensive skins which exist and in which importation is very limited as compared with the general importation of furs.

Mr. HARRISON. You would not think they were limited if you were to take a walk up and down Fifth Avenue in New York.

Mr. EISENBACH. I do not know——

Mr. HARRISON. You would not think they were limited either in quantity or value.

Mr. EISENBACH. There are a great many caught right in this country and not imported at all. There are a number of domestic furs that are, fortunately, very valuable.

Mr. JAMES. Could you not give the committee a statement showing those furs that are used by the people out West and in the North, the cheap furs, as you call them, that are used by motormen on cars, etc.; and will you also give us a statement showing furs that are high priced and that are used by the people who are well-to-do?

Mr. EISENBACH. Very likely I could do that. I did not know you had any intention of raising any other points.

Mr. JAMES. You came here for another purpose. I understand that.

Mr. EISENBACH. Yes, sir.

Mr. JAMES. But you are perfectly willing to give us whatever information you can?

Mr. EISENBACH. I am very glad to; yes, sir.

Mr. JAMES. We would like to have that.

Mr. EISENBACH. I will be very glad to do that.

Mr. JAMES. I wish you would; we would appreciate it.

Mr. EISENBACH. I will do so.

Mr. HILL. If the words "but not repaired" were stricken out, would it not be entirely possible to take a fur skin of any kind and patch another piece onto it, and then bring it in under the 20 per cent rate instead of the higher rate?

Mr. EISENBACH. It would be of absolutely no value. If another skin were just sewed to it it would be of no value, because it is taken care of under the schedule referring to partly manufactured goods at 35 per cent.

PARAGRAPH 439—FURS.

Mr. HILL. Is it not a very difficult proposition to match fur?

Mr. EISENBACH. Yes, sir.

Mr. HILL. And if the words "but not repaired" are stricken out, would it not be entirely possible to have the matching process carried through and the pieces sewed together? And, of course, if you could put on one piece you could put on two pieces.

Mr. EISENBACH. That could be done.

Mr. HILL. Consequently, without it being manufactured at all, you could get in almost anything you please, with a large amount of work done on it, and yet not have it come under the manufactured class.

Mr. EISENBACH. Such a thing has not occurred heretofore. If you strike out the words "but not repaired," and want to be careful that such a thing could not be done, you could put in another phrase saying that more than one skin sewed together should come in as manufactures, and we would have no objection at all to that.

Mr. HILL. The reason I asked you the question as to the effect of striking out the words "but not repaired" is this: I remember distinctly four years ago a gentleman from Minneapolis came here with a large amount of furs just in that condition. I was of a mind to take his side of the case until I saw the articles and turned them over, and found that it was a complete system of patchwork, which was repairing from the original piece, and when he spread them out on the floor down in my office I changed my mind and voted for this.

Mr. EISENBACH. When we went over to Baltimore we presented such skins as we wanted to come in at 20 per cent. It was decided in our favor. I would be very glad to present to this committee such skins as we want to have come in.

Mr. HILL. Do you have any come in that way from China?

Mr. EISENBACH. They are coming in as partly manufactured and are paying 35 per cent.

Mr. KITCHIN. Before these words "but not repaired" were put into the statute did these skins sewed together as explained by Mr. Hill come in under the 20 per cent clause?

Mr. EISENBACH. They did formerly, and they were raised to 35 per cent.

Mr. KITCHIN. Yes; because of these words being put in.

Mr. EISENBACH. No; because of the following paragraph, in which you specially specify—and when they are further advanced, such as plates, linings, etc., they shall pay 35 per cent.

Mr. FORDNEY. I will state to the witness and to the gentleman from North Carolina that my recollection is that they all came in under that lower rate.

Mr. EISENBACH. Formerly; yes.

Mr. KITCHIN. That was my understanding.

Mr. EISENBACH. Formerly they did come in under the 20 per cent rate. Then you raised them to 35 per cent on account of these words "but not repaired"—

Mr. KITCHIN (interposing). They came in under the 20 per cent rate before they put those words in?

Mr. EISENBACH. Yes. We had a duty of 35 per cent on skins. Such skins as were temporarily sewn together—for instance, a skin

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would have a hole in it, and naturally it would be put together so that it would not fall apart on the way over here.

Mr. KITCHIN. You are not objecting to paying a 35 per cent upon those kinds of furs sewn together, are you?

Mr. EISENBACH. Unless more than one skin is sewed together; we do not object to skins which are temporarily sewed.

Mr. KITCHIN. I see. You want these words stricken out, and you want fur repaired to come in at 20 per cent, as it did formerly?

Mr. EISENBACH. We do not want anything else than what is going on now. We are getting them at 20 per cent and we do not want it changed.

Mr. FORDNEY. Under the ruling of the Board of Appraisers he gets them in now at 20 per cent.

Mr. KITCHIN. Has that ruling ever been appealed from?

Mr. EISENBACH. I do not know.

The witness thereupon exhibited to the committee some samples of furs.

Mr. HARRISON. What kind of fur is that you hold in your hand?

Mr. EISENBACH. That is astrakhan skin.

Mr. HARRISON. Is that imported?

Mr. EISENBACH. Yes, sir.

Mr. HARRISON. You would not describe that as a necessity of life?

Mr. EISENBACH. It can be made up very cheaply and it will keep people warm.

Mr. HARRISON. What about chinchillas? Are they necessary?

Mr. EISENBACH. No. There are very few come in. We do not get enough to speak of.

Mr. JAMES. What kind of fur is that?

Mr. EISENBACH. That is American muskrat.

The CHAIRMAN. The substance of that decision was that when the skin was mounted the Government tried to throw it into the 35 per cent clause, but the board of appraisers did not sustain it?

Mr. EISENBACH. Yes, sir.

Mr. PETERS. I notice there are exports of \$14,975,000. What class of skins are exported?

Mr. EISENBACH. American furs principally, such as mink, sable, muskrat, skunk, raccoon, and foxes of all kinds.

Mr. PETERS. Mostly in the unmanufactured state?

Mr. EISENBACH. In the raw state; yes, sir.

The CHAIRMAN. Mr. Eisenbach, your time has expired.

Mr. EISENBACH. I thank you.

FUR MERCHANTS' CREDIT ASSOCIATION OF THE CITY OF NEW YORK,
January 30, 1913.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: As a representative of the Fur Merchants' Credit Association of New York, I have been elected to appear before this committee, and respectfully say, on behalf of the fur merchants, that we are contented with the present tariff schedule pertaining to furs. We, however, respectfully ask to have the three words "but not repaired," in second line of paragraph 439, stricken out in the bill now being prepared. These words are ambiguous, and the interpretation of their meaning have caused the fur merchants a great deal of expense, and after considerable delay a decision was

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rendered by the General Board of Appraisers nullifying their import as originally interpreted, and it is to eliminated the probability of the same question arising again that we ask for the elimination of the three words above mentioned.

Respectfully, yours,

ALFRED EISENBACH
(For Fur Merchants' Credit Association).

BRIEF OF ALEX. E. KLAHRE & CO., NEW YORK, N. Y.

NEW YORK, January 29, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

DEAR SIR: We would respectfully call your attention to paragraph 439 pertaining to furs, skins, etc., and would ask that on the following furs dressed on the skins, namely: Sheepskin rugs, goatskin rugs, dogskin robes and mats, kidskin crosses, and lambskin crosses, which are under paragraph 439 in the prevailing law dutiable at 35 per cent, be reduced to 20 per cent.

The above-named skins are tanned and sewed together in China, but can not be used in this condition as imported and must be resewn, cleaned, and dyed.

On single tanned goatskins, single tanned dogskins, single tanned sheepskins and lambskins, a duty of 20 per cent, same duty as in prevailing law.

All raw skins free as in the present law.

We are convinced that in the event of the reductions of duties on the skins named, the revenue to the Government will be largely increased.

It is a well-known fact amongst the trade that owing to the present rates of duties our manufacturers and importers are somewhat timid in importing the quantities of skins from China they otherwise would do if lower rates of duties prevailed, depending upon the European markets for their purchases from time to time and paying the extra profit to the importers of those markets, which should inure to the benefit of manufacturers of our country.

One of the largest firms of manufacturers in Milwaukee made the statement a few days ago that owing to the excessive duty of 35 per cent the firm was compelled to discharge a large number of working men because of the difficulty in selling their output on account of the high duty.

Very respectfully, yours,

ALEX. E. KLAHRE & Co.

BRIEF OF LOWERRE & CO., NEW YORK, N. Y., ET AL.

NEW YORK, January 27, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to paragraph 439 under Schedule N of the present tariff, we beg to petition your committee in regard to the rough furs which are commonly known as goat and sheep "rugs" and "mats" and dog "mats," and ask that this class of furs be separated from the general class and be put by themselves with a special rating of their own. We ask this for the reason that they are of an entirely different class of material, being cheaper and rougher than what are commonly known as "fancy furs." However, on account of not having separate classification, they are included in the second part of paragraph 439 under "Manufactures of furs further advanced than dressing and dyeing and prepared for use as material, including plates, linings, and crosses, 35 per cent ad valorem," thus putting them on an equal basis with goods which are already prepared in the greater part for manufacture.

We give you the following arguments in favor of a separate listing and reduction:

First. We have no ax to grind. We neither gain nor lose on account of the higher duty. The only effect it has is to make the manufactured article cost more to the consumer, without giving to anyone any added protection whatever, as this class of furs is used only for the manufacture of carriage robes and a cheap grade of men's fur coats, none of which are imported into this country in the manufactured state.

Second. The terms "rugs" and "mats" are simply trade names for certain standard sizes of furs, and has no meaning in any other sense than this. While they are not one separate skin, the skins are simply pieced out on the sides with a loose stitch and basted to bring them up to the standard of measurement. This stitch is absolutely worthless as far as being of any use in the manufacturing, it being necessary to rip the sewing, cut the "rugs" and "mats" apart, rematch and sew before they are of marketable value as far as manufacture is concerned. The principal reason for these furs

PARAGRAPH 439—FURS.

being imported in these sizes is because the importer in this country is better able to ascertain what amount of material he is getting than if he bought them in the regular skin shape, the skins being of variable sizes.

Thirdly. It requires just as much work to manufacture a robe or coat from these "rugs" or "mats" as it would to manufacture from natural shaped skins.

Fourthly. The natural shaped skins, which are no further advanced than these "rugs" or "mats," can be brought in at 20 per cent, even though they may be dyed abroad. The fancy fur plates, such as squirrel, etc., even though dyed, can be brought in at the same rate of duty (35 per cent) as our "rugs" and "mats," which we import in the undyed state entirely.

What we claim is that China goat and sheep "rugs" and "mats" and dog "mats," loosely basted together to make a standard size, not machine sewed, should be under a separate heading, so worded, at 20 per cent duty.

In making this appeal to your committee, we beg to impress upon you the fact that this will reduce this class of skins to the old rate of duty at which they were always entered under the old Dingley tariff; that the advance of 15 per cent made in the last revision of the tariff simply increased the cost of the manufactured article to the consumer, giving no protection to any manufacturer in this country; and that under the present tariff it would be advantageous for us to have our raw material dyed abroad instead of in this country, as we are doing now, and importing it in the dyed state, being able to do so without any increase in the tariff rate.

We beg you to take this all into consideration.

Respectfully submitted.

LOWERRE & Co.
CRAVENHORST & Co.
HENRY HOFFMAN.
KAYE & EINHSTEIN (INC.).
MAX SCOTT.

BRIEF OF LANPHER, SKINNER & CO., ST. PAUL, MINN., CONCERNING FUR AND FUR-LINED GARMENTS.

ST. PAUL, MINN., *January 28, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Referring to paragraph 439 under Schedule N of the present tariff, we beg to petition your committee in regard to the rough furs, which are commonly known as Chinese dog mats and dog plates, and ask that this class of furs be separated from the general class and be put by themselves with a special rating of their own. We ask this for the reason that they are of an entirely different class of material, being cheaper and rougher than what are commonly known as fancy furs. However, on account of not having separate classification, they are included in the second part of paragraph 439 under "Manufactures of furs further advanced than dressing and dyeing and prepared for use as material, including plates, linings, and crosses, 35 per cent ad valorem," thus putting them on an equal basis with goods which are already prepared in the greater part for manufacture. We give you the following arguments in favor of a separate listing and reduction:

First. We neither gain nor lose on account of the higher duty. The only effect which it has is to make the manufactured article cost more to the consumer without giving to anyone any added protection whatever, as this class of furs is used only for the manufacture of carriage robes and a cheap grade of men's fur coats, none of which are imported into this country in the manufactured state.

Second. The terms "mats" and "plates" are simply the trade names for certain standard sizes of furs and have no meaning in any other sense than this. While they are not one separate skin, they are simply pieced out on the sides with a loose stitch and basted to bring them up to the standard of measurement. This stitch is absolutely worthless as far as being of any use in the manufacturing, it being necessary to rip the sewing, cut the mats and plates apart, rematch them, and sew them, before they are of marketable value, as far as manufacture is concerned. The principal reason for these furs being imported in these sizes is because the importer in this country is better able to ascertain what amount of material he is getting than if he bought them in the regular skin shape, the skins being of variable sizes.

Third. It requires just as much work to manufacture a robe or coat from these mats or plates as it would to manufacture from natural shaped skins.

PARAGRAPH 439—FURS.

Fourth. The natural shaped skins which are no further advanced than these mats and plates can be brought in at 20 per cent, even though they may be dyed abroad. The fancy fur plates, such as squirrel, etc., even though dyed, can be brought in at the same rate of duty (35 per cent) as our mats and plates, which we import in the undyed state entirely.

What we claim is that China dog mats and plates loosely basted together to make a standard size, not machine sewed, should be under a separate heading, so worded, at 20 per cent duty.

In making this appeal to your committee, we beg to impress upon you the fact that this will reduce this class of skins to the old rate of duty at which they were always entered under the old Dingley tariff, but the advance of 15 per cent made in the last revision of the tariff simply increased the cost of the manufactured article to the consumer, giving no protection to any manufacturer in this country, and that under the present tariff it would be advantageous for us to have our raw material dyed abroad instead of in this country, as we are now doing, and importing it in the dyed state, being able to do so without any increase in the tariff rate, and it could be stated in the separate clause for China dog mats and plates, loosely basted together to make a standard size, not dyed and not machine sewed, to be admitted at 20 per cent duty. This would protect our dyers and benefit us all, giving us a separate heading, and not including us in the fancy-fur schedule.

We beg you to take this all into consideration and give the matter an unbiased decision.

Yours, very truly,

LANPHER, SKINNER & Co.

**A. HOENIGSBERGER, CHICAGO, ILL., WRITES ON THE
SUBJECT OF FURS.**

CHICAGO, January 27, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to paragraph 439 under Schedule N of the present tariff, we beg to petition your committee in regard to the rough furs, which are commonly known as goat and sheep "rugs" and "mats" and dog "mats," and ask that this class of furs be separated from the general class and be put by themselves with a special rating of their own. We ask this for the reason that they are of an entirely different class of material, being cheaper and rougher than what are commonly known as "fancy furs." However, on account of not having a separate classification, they are included in the second part of paragraph 439, under "Manufactures of furs further advanced than dressing and dyeing and prepared for use as material, including plates, linings, and crosses, 35 per cent ad valorem," thus putting them on an equal basis with goods which are already prepared in the greater part for manufacture. We give you the following arguments in favor of a separate listing and reduction.

First. We have no ax to grind. We neither gain nor lose on account of the higher duty. The only effect which it has is to make the manufactured article cost more to the consumer, without giving to anyone any added protection whatever as this class of furs is used only for the manufacture of carriage robes and a cheap grade of men's fur coats, none of which are imported into this country in the manufactured state.

Second. The term "rugs" and "mats" is simply the trade name for certain standard sizes of furs and has no meaning in any other sense than this. While they are not one separate skin, they are simply pieced out on the sides with a loose stitch and basted to bring them up to the standard of measurement. This stitch is absolutely worthless as far as being of any use in the manufacturing, it being necessary to rip the sewing, cut the "rugs" and "mats" apart, rematch them, and sew them before they are of marketable value, as far as manufacture is concerned. The principal reason for these furs being imported in these sizes is because the importer in this country is better able to ascertain what amount of material he is getting, than if he bought them in the regular skin shape, the skins being of variable sizes.

Third. It requires just as much work to manufacture a robe or coat from these "rugs" or "mats" as it would to manufacture from natural-shaped skins.

Fourth. The natural-shaped skins which are no further advanced than these "rugs" and "mats" can be brought in at 20 per cent, even though they may be dyed abroad. The fancy fur plates, such as squirrel, etc., even though dyed, can be brought in at the same rate of duty (35 per cent) as our "rugs" and "mats," which we import in the undyed state entirely.

PARAGRAPH 439—FURS.

What we claim is that China goat and sheep "rugs" and "mats" and dog "mats," loosely basted together to make a standard size, not machine sewed, should be under a separate heading, so worded, at 20 per cent duty.

In making this appeal to your committee, we beg to impress upon you the fact that this will reduce this class of skins to the old rate of duty, at which they were always entered under the old Dingley tariff; that the advance of 15 per cent made in the last revision of the tariff simply increased the cost of the manufactured article to the consumer, giving no protection to any manufacturer in this country, and that under the present tariff it would be advantageous for us to have our raw material dyed abroad instead of in this country, as we are doing now, and importing it in the dyed state, being able to do so without any increase in the tariff rate, and it could be stated in the separate clause, for China goat and sheep "rugs" and "mats" and dog "mats" loosely basted together to make a standard size, not dyed and not machine sewed, to be admitted at 20 per cent duty. This would protect our dyers and benefit us all, giving us a separate heading and not including us in the fancy fur schedule.

We beg you to take this all into consideration and give the matter an unbiased decision.

A. HOENIGSBERGER,
Per DAVE HOENIGSBERGER.

BRIEF OF DAWES & HANN, JOHNSTOWN, N. Y.

JOHNSTOWN, N. Y., *January 28, 1913.*

SECRETARY WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: We are little manufacturers and can not come to Washington, but we would be very grateful if your committee would look into the matter of duty on fur-lined gloves. It seems to us that the duty should be just as much on furs when they are used as glove linings as on fur skins when we import them to be used here as glove linings. If we pay 20 or 35 per cent ad valorem should not this same duty be added to imported gloves when fur lined?

Thanking you for your consideration, we beg to remain,

Yours, respectfully,

DAWES & HANN.

BRIEF OF CONRAD FUR CO., WINONA, MINN.

WINONA, MINN., *January 30, 1913.*

THE COMMITTEE OF WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Permit us to add our little mite in the number of petitions with which we presume you are at the present time flooded. We refer to paragraph No. 439, under schedule 'N,' in the present tariff. We believe that the present rate of 35 per cent is altogether too high.

Remember this one thing: The rich do not wear garments made from "sheep rugs" or "dog mats." The only people who wear this class of merchandise are the poorer western farmers in the Dakotas and throughout the Northwest; possibly, to some extent in the cities, the chauffeurs and street-car drivers, who are constantly exposed to the extreme cold and to whom a cheap, warm garment is a necessity. Take as an example a dog mat that costs a dollar down in the New York customhouse. It stands the importer \$1.35. He figures 5 per cent profit on \$1.35. We, the manufacturers, figure at least another 10 per cent when we sell the made-up article to the retailers. The retailer, in his turn, must add at least 25 per cent on his cost, so that ultimately the consumer pays at least from 40 to 50 per cent on top of the 35 per cent. We believe that this is an injustice to the consumer.

The dressers and dyers do not need a 35 per cent protection, as far as the difference in the cost of labor is concerned, and it looks inconsistent to us that the rich, who wear Russian sables and other costly furs, pay no duty on these articles, simply because the skins come in raw. We believe that if it is necessary to retain a certain amount of duty on furs for the purpose of defraying the expenses of the Government, it would be better to put a certain amount of duty on raw sable skins, chinchillas, sea otters, broad tails, and other fine foreign furs—furs that are used almost exclusively by those to whom a difference of \$10 or \$100 doesn't amount to anything.

Yours, very truly,

CONRAD FUR CO.,
Per MAX A. CONRAD.

PARAGRAPH 439—FURS.

BRIEF OF AARON NAUMBURG, REPRESENTING THE HATTERS' FUR INDUSTRY OF THE UNITED STATES.

NEW YORK CITY, *January 28, 1913.*The COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: This memorial is presented in behalf of the entire hatters' fur industry of the United States, composed of Jonas & Naumburg, New York City; H. & A. Chapal Freres & Co., Brooklyn, N. Y.; Bloch & Hirsch Fur Co., Brooklyn, N. Y.; Hitchcock, Dermody & Co., Brooklyn, N. Y.; Pellissier, Jeunes & Rivet, Brooklyn, N. Y.; H. Picard & Co., Newark, N. J.; Donner & Co., Newark, N. J.; Martin Bates, jr., & Co., South Norwalk, Conn.; American Hatters & Furriers' Co., Danbury, Conn.; J. W. Katz, Newark, N. J.; John B. Stetson Co., Philadelphia, Pa.; New England Fur Co., Fall River, Mass.; Waring Hat Manufacturing Co., Yonkers, N. Y.; Peck Fur Co., Danbury, Conn.; and Robinson Fur Co., Danbury, Conn.

Its purpose is to convey, in a brief and concise statement, information for the benefit of the committee, in order that intelligent consideration may be given to those paragraphs of the existing tariff act affecting our industry.

The industry is mainly centralized within a radius of 100 miles of New York City, employs over 3,500 persons in the various factories, and consists solely of removing the hair or fur from the skin of the rabbit, hare, nutria, and beaver, after opening, carding, cleaning, and other processes, and chemically treating it with a solution of nitric acid and quicksilver (or mercury), called "carroting," producing a product commonly known as hatters' furs. This product is sold to fur-felt hat manufacturers and is manufactured into fur-felt hats by a separate and distinct industry.

The industry is affected under the act of August 5, 1909, by the following paragraphs:

"Paragraph 439: Furs dressed on the skin, not advanced further than dyeing, but not repaired, twenty per centum ad valorem; manufactures of furs, further advanced than dressing and dyeing, when prepared for use as material, including plates, linings, and crosses, thirty-five per centum ad valorem; articles of wearing apparel of every description, partly or wholly manufactured, composed of or of which fur is the component material of chief value, fifty per centum ad valorem. Furs not on the skin, prepared for hatters' use, including fur skins carroted, twenty per centum ad valorem."

"Paragraph 573: Furs, undressed.

"Paragraph 574: Fur skin of all kinds not dressed in any manner and not specially provided for in this section."

From the statement heretofore made it will be observed that this industry consists of various incidental treatments, including carroting, of the fur of various small animals, and it therefore is apparent that it is the skins with the fur thereon of these various animals which forms the raw material and is the basic property of our product. All of this raw material is imported from other countries, principally the cold regions of Europe and Australasia. The fur used comes almost exclusively from animals not indigenous to North American climates, nor has it been possible to breed them in any climate but that of the above-mentioned countries and still retain the commercial characteristics of the fur proper (or fiber) which solely determines the use and value in the manufacture of hatters' furs.

All of our product goes into the manufacture of fur-felt hats, and is purchased by hat manufacturers. The home consumption of hatters' furs during the past 20 years has not had a decidedly wide range, only increasing in slight proportions as the increase in the manufacture of fur-felt hats became stimulated by the demand of an ever-growing population; and yet the annual value of our production has undergone marked changes, due entirely to the wide fluctuations in the values of the skins in the foreign markets. This value has been regulated by the law of supply and demand, and the highest values have doubled the lower values as the markets changed, so wide has been the range.

Indeed, it is only through liberal lines of credit extended by the domestic manufacturer and the ability to make quick delivery, that we are able to maintain our advantage over the European market.

The duty of 20 per cent, standing by itself, is not sufficient to protect American labor against its foreign competitor. We are prepared to furnish the committee with the real facts respecting the cost of production in European factories, and our investigation proves that the labor cost in Europe is from 45 to 59 per cent less than the labor cost in the United States, which may be confirmed by data in your possession from Consular Reports, as well as absolute statistics in our possession.

The European manufacturer has this additional advantage: Their factories are located in close proximity to where the fur skins are collected, substantially all the

PARAGRAPH 439—FURS.

chemicals with which the fur is treated are purchaseable cheaper abroad, and they have a recognized decrease in the cost of production (rent, office expense, etc.). The duty of 20 per cent is one of the lowest rates in the present schedule on manufactured products, and is a tariff for revenue only.

In order that the committee may have before it accurate information from which they may intelligently estimate what benefit the consumer would receive in the event that the entire tariff wall should be removed from our home products and hatters' furs admitted absolutely free of duty, we beg to state that the hatters' furs in the finished hat represents from 7 to 10 per cent of its selling price in the retail store, varying according to quality, and if the duty on hatters' furs were entirely removed, it would mean a saving of less than the 20 per cent duty on the cost price of this hatters' fur, equal to from 3 to 5 cents on every hat purchased at retail by the consuming public. We arrive at this conclusion from the knowledge in our possession that the cost of the fur in a hat sold at retail at \$2 (the popular price in this country) is not more than from \$1.84 to \$2.06 per dozen.

It therefore appears that a hat which is sold to the consumer at \$2 contains a little over 16 cents worth of fur, and that if the duty were entirely removed the reduction to the consumer, assuming that the consumer would be the sole beneficiary, would be 20 per cent of the fur value, or about 3 cents. This condition would result if the tariff would be entirely removed; if the rate is only reduced, then the difference would be fractional. The immediate beneficiaries of any reduction in the duties would apparently be the manufacturers of hats. The benefits of home manufacture, which would be destroyed by a reduction of tariff, are so apparent to the manufacturers of hats in this country that they are a unit in opposing any such reduction.

Imported hatters' fur, before it reaches the hands of the consumer in the shape of a finished hat is handled by five industries, all presumably making some profit; (1) the importer of the hatters' fur, (2) the manufacturer of the hat body or cone (in many instances an independent industry), (3) the finisher of the hat body or cone (who shapes, blocks, and trims), (4) the jobber, and finally (5) the retailer.

Is there any possible chance of the consumer receiving the benefit of any change in the present tariff rate on this commodity, and is there any member of this committee who is not impressed with the glaring fact that this benefit will in no manner accrue to the consumer?

We believe that the European manufacturer may be considered a fair competitor for this market and one who must always be counted upon as a factor in the industry. Certainly the present tariff is not prohibitory, and at its best is but a revenue rate under which the industry has been maintained for upward of 50 years. It has thus almost crystallized into a compact between the Federal Government and the manufacturers of hatters' furs.

The rate of 20 per cent has remained inviolate through all tariff legislation since 1862, and irrespective of the increase or decrease in the tariff on other manufactured products, the duty on hatters' furs has remained unchanged.

It has been this feeling of security that has permitted the industry to make progress, and yet at all times we have felt the keen competition of European manufacturers, and this competition has resulted in a fair consumption of imported hatters' furs by the hat manufacturers of this country.

We believe that we have fairly illustrated that the consuming public can receive no possible benefit by any change in the present rate on our product and it follows that if the consuming public can receive no benefit from the lowering of the rate, and as there is no prohibitive tariff resulting in a consumption of the home product to the exclusion of any imported product, no reason exists which recommends a change.

There is no combination, agreement, or understanding between the manufacturers of hatters' furs in the United States; no fixed price; no set standards. The closest of competition prevails at all times, and the fluctuating market of our raw material prevents any possible understanding or agreement to maintain a set price. Indeed, European competition makes this impossible.

We respectfully call your attention to the construction of paragraph 439 of the present law. The subject matter "manufactures of furs, further advanced than dressing or dyeing, when prepared for use as material, including plates, linings, and crosses," bears no analogy to the subject of "hatters' furs," but covers an entirely separate and distinct manufacture, and one in no way related to "hatters' furs."

Indeed, "hatters' fur," in its plain interpretation signifies the fur or hair removed from the skins of such animals as the rabbit, hare, nutria, and in some few instances the beaver, prepared and chemically treated into a product called "hatters' fur," because its sole and exclusive use is for the manufacture of the fur-felt hat, and is the component part of fur-felt hats, commonly called "derbys" and "soft hats."

PARAGRAPH 439—FURS.

Beyond the spelling of the word "furs" itself, it has nothing in common, nor does it bear any relation to other "furs" as embraced in the various paragraphs of the tariff schedule.

We therefore respectfully ask that the portion of paragraph 439 "Furs not on the skin, prepared for hatters' use, including fur skins carroted, twenty per centum ad valorem," remain intact, but as a separate paragraph.

Respectfully submitted.

AARON NAUMBURG,

Representing Hatters' Fur Industry of the United States.

BRIEF OF THE CUFF HAT CO., BETHEL, CONN.

BETHEL, CONN., *December 30, 1912.*

HON. THOS. REILLY.

DEAR SIR: I am inclosing statistics showing the importations of fur felt hats during the past 10 years. You will note that the importations are going up from year to year like a flight of stairs and that the greatest gain has been made during the past four years. It will take very little figuring on the part of anyone interested to show that if the duties imposed by the Payne-Aldrich bill are reduced at all that the foreigners will have all our business, for under the present tariff they are doubling up on us every four years. The writer urges you to give this matter your careful attention, as it is a very serious matter to the hat business, which is not prospering at the present time. Thanking you for your kind consideration of this matter, and with kindest regards, I am,

Yours, very truly,

M. T. CUFF.

Importations of fur felt hats for fiscal years ending—

	Dozen.
1902.....	7, 819
1903.....	9, 034
1904.....	8, 817
1905.....	8, 143
1906.....	14, 536
1907.....	19, 194
1908.....	21, 892
1909.....	32, 714
1910.....	42, 940
1911.....	46, 009
1912 (first six months) ¹	37, 398

BRIEF OF THE WALLACE & SMITH CO., MILWAUKEE, WIS.

MILWAUKEE, *January 28, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Referring to paragraph 439, under Schedule N of the present tariff, we beg to call your attention to the part of the schedule referring to rough furs, such as goat plates and dog mats. These particular items are used very extensively in the manufacture of common lap robes and common coats over the entire Northwest and take the place of the cheap buffalo robes of former years.

These common goat plates and goat mats are tacked together in foreign countries merely for the purpose of giving them a commercial size, and, as this tacking is absolutely worthless, it is all ripped out again and the skins are reworked in this country. Under the circumstances the mixing of these common goods with high-class furs is a great hardship to every farmer and consumer in the entire Northwest, as it raises the duty from 15 per cent under the Dingley tariff to 35 per cent under the present tariff without any benefit to anybody.

We respectfully ask that the duty on this class of goods be either reduced to the old tariff or entirely abolished, as it would give the entire Northwest an article that they need badly at a lower price, as it is used almost exclusively in the Northwest for common robes for the common people.

Respectfully submitted.

Yours, very truly,

THE WALLACE & SMITH CO.,
SINGLETON SMITH, *Secretary.*

¹ Full year not yet available. The present tariff bill was passed in 1909.

PARAGRAPH 439—FURS.

BRIEF OF THE RUSSIA FUR & TANNING CO., MILWAUKEE, WIS.

MILWAUKEE, Wis., January 28, 1913.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Referring to paragraph No. 439 under schedule N of the present tariff, we beg to petition your committee in regard to the rough furs, which are commonly known as goat and sheep "rugs" and "mats" and dog "mats" and ask that this class of furs be separated from the general class and be put by themselves with a special rating of their own. We ask this for the reason that they are of an entirely different class of material, being cheaper and rougher than what are commonly known as "fancy furs." However, on account of not having separate classification, they are included in the second part of paragraph No. 439 under "Manufactures of furs further advanced than dressing and dyeing and prepared for use as material, including plates, linings, and crosses, 35 per cent ad valorem," thus putting them on an equal basis with goods which are already prepared in the greater part for manufacture. We give you the following arguments in favor of a separate listing and reduction.

Firstly. We have no ax to grind. We neither gain nor lose on account of the higher duty. The only effect which it has is to make the manufactured article cost more to the consumer, without giving to anyone any added protection whatever, as this class of furs is used only for the manufacture of carriage robes and cheap grade of men's fur coats, none of which are imported into this country in the manufactured state.

Secondly. The term "rugs" and "mats" is simply the trade name for certain standard sizes of furs and has no meaning in any other sense than this. While they are not one separate skin, they are simply pieced out on the sizes with a loose stitch and basted to bring them up to the standard measurement. This stitch is absolutely worthless as far as being of any use in the manufacturing, it being necessary to rip the sewing, cut the "rugs" and "mats" apart, rematch them, and sew them before they are of marketable value, as far as manufacture is concerned. The principal reason for these rugs being imported in these sizes is because the importer in this country is better able to ascertain what amount of material he is getting than if he bought them in the regular skin shape, the skins being of variable sizes.

Thirdly. It requires just as much work to manufacture a robe or coat from these "rugs" or "mats" as it would to manufacture from natural shaped skins.

Fourthly. The natural shaped skins which are no further advanced than these "rugs" and "mats" can be brought in at 20 per cent, even though they may be dyed abroad. The fancy fur plates such as squirrel, etc., even though dyed can be brought in at the same rate of duty (35 per cent) as our "rugs" and "mats" which we import in the undyed state entirely.

What we claim is that China goat and sheep "rugs" and "mats" and dog "mats" loosely basted together to make a standard size, not machine sewed, should be under a separate heading, so worded at 20 per cent duty.

In making this appeal to your committee, we beg to impress upon you the fact that this will reduce this class of skins to the old rate of duty at which they were always entered under the old Dingley tariff, that the advance of 15 per cent made in the last revision of the tariff simply increased the cost of the manufactured article to the consumer, giving no protection to any manufacturer in this country, and that under the present tariff, it would be advantageous for us to have our raw material dyed abroad instead of in this country, as we are doing now, and importing it in the dyed state, being able to do so without any increase in the tariff rate, and it could be stated in the separate clause for China goat and sheep "rugs" and "mats" and dog "mats" loosely basted together to make a standard size, not dyed and not machine sewed, to be admitted at 20 per cent duty. This would protect us in the fancy fur schedule.

We beg you to take this all into consideration and give the matter an unbiased decision.

Very truly, yours,

RUSSIA FUR & TANNING Co.

PARAGRAPH 442—HUMAN HAIR.

PARAGRAPH 440.

Fans of all kinds, except common palm-leaf fans, fifty per centum ad valorem.

PARAGRAPH 441.

Gun wads of all descriptions, twenty per centum ad valorem.

PARAGRAPH 442.

Hair, human, if clean or drawn but not manufactured, twenty per centum ad valorem; manufactures of human hair, or of which human hair is the component material of chief value, not specially provided for in this section, thirty-five per centum ad valorem.

HUMAN HAIR.

BRIEF OF ALEX. E. KLAHRE, NEW YORK, N. Y., IN RE HUMAN HAIR.

NEW YORK, January 28, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

DEAR SIR: We would respectfully call your attention to paragraphs 442 and 583 in the present tariff bill which relate to human hair.

Paragraph 442 reads:

"Hair, human, if clean or drawn but not manufactured 20 per cent. Manufactures of human hair or of which human hair is the component material of chief value not specially provided for in this section, 35 per cent."

Paragraph 583 reads:

"Human hair, raw, unclean and not drawn, free."

Owing to the conflicting interpretation of these paragraphs, importers have had considerable trouble in the past. In some instances duties have been imposed and in other cases hair which has been assessed as dutiable previously, has been brought in as raw material. So-called cleaned and drawn hair is regarded by the trade as raw hair, as it has to go through the identical process of washing, cleaning, bleaching, and dyeing as hair on which there has been no question raised as to it not being raw material. The cleaning and drawing in most cases is done for the purpose of complying with the sanitary laws, before shipment from foreign ports. There are employed in this city in the manufacturing of human hair into curls, switches, etc., about 10,000 persons, and although the argument may have been used that this is an industry of a luxury and not of a necessity, if a duty is imposed upon human hair, it will inure to the benefit of the foreign manufacturers and will throw out of employment in our country a large number of persons employed in this industry. In previous tariff laws the question has been raised a number of times as to what might be called raw hair, and we would call your attention to two decisions:

Treasury Decision 9441, which reads as follows:

"TREASURY DEPARTMENT, June 17, 1889.

"Human hair, partially cleaned. *Lewisohn v. Mogon.*

"SIR: The department is in receipt of a letter dated the 22d ultimo from the United States attorney for the southern district of New York, in which he reports the trial of the case of *Leonard Lewisohn v. Daniel Mogon*, collector, which was had before Hon. E. H. Lacone and a jury in the United States circuit court for said district on the 16th ultimo, which resulted in a verdict in favor of the plaintiff. The question involved was as to the proper classification of certain importations of Chinese human hair which was subjected to duty by the defendant (collector) at the rate of 30 per cent ad valorem, under the provision in Schedule N (T. I. 444) for human hair if clean or drawn, but not manufactured, but which the plaintiff claimed to be uncleaned and not drawn and to be dutiable at the rate of 20 per cent ad valorem, under a clause in the same paragraph for human hair drawn, unclean and not drawn.

"The United States attorney reports that the proofs adduced in the trial showed that while the hair had been drawn to a little extent and to have been cleaned a

PARAGRAPH 442—HUMAN HAIR.

little, yet that it was not the drawn and cleaned hair of commerce, it being dirty, inasmuch as it contained dead nits. The evidence adduced further show that while the drawn hair of commerce consists of bunches of individual hairs all of the same length and all of the roots being on one end, the points at the other end, and very highly cleaned the merchandise in question consisted of small bundles tied together at one end, the individual hair being all varieties of lengths, with roots and points at both ends. The question involved seems to be entirely one of fact as to the condition of the merchandise, and the verdict of the jury was substantiated in accordance with the evidence. Upon submitting the matter to the United States Attorney General for his certificate under act of March 3, 1875, that officer advises under date of the 7th instant that no appeal or writ of error will be taken by the United States from the judgment of the circuit court in said suit. The department therefore concurring hereby directs you upon due entry of judgment to take necessary steps for its settlement and payment. Any other suits of the same character may also be settled in the usual manner, provided it is ascertained that the requirements of law as to protest appeal, institution of suit, etc., has been duly complied with, and this ruling will apply to further importations of such merchandise, decision 8729 being modified accordingly.

"Respectfully,

"G. S. BATCHELLER,
"Acting Secretary."

Decision 14252; G. A. 2216:

"Human hair, raw, uncleaned and not drawn.

"Before the United States appraiser at New York, July 18, 1893.

"In the matter of the protest 46164 A 2772 of A. Musica, against the decision of the collector of customs at New York, as to the rate and amount of duty chargeable on certain human hair imported per *Elysian*, December 21, 1892.

"Opinion by Sharretts, General Appraiser.

"The protest in this case is lodged against the assessment of duty of 20 per cent per hundredweight ad valorem on 20,400 kilograms of human hair, being a part of 266,600 kilograms of this substance, all of which was classified by the collector as human hair cleaned and duty assessed thereon at the rate complained of in paragraph 447 of the present act. The board has samples of the merchandise in dispute taken from the importation in question. The samples show that this hair has been put in small bundles assorted as to color and we think it has been drawn and cleaned to some extent. The hair, however, contains dead nits, is otherwise unclean, and is not arranged with all the roots at one end and the points at the other. In these respects it differs from the drawn and cleaned hair of commerce. We find as a fact, that the merchandise is human hair raw, uncleaned and not drawn. We sustain the claim of the appellant that the merchandise in question is entitled to free entry under paragraph 604. The collector's decision relative thereto is reversed."

In order to avoid these complications, would suggest that paragraph 442 reads as in the present law, and as a substitute for 583 the following:

"Human hair, uncleaned and cleaned, drawn or dyed but not commercially and not manufactured into switches, hair braids, curls, and ringlets, free."

Respectfully, yours,

ALEX. E. KLAHRE & Co.

PARAGRAPH 445—HAIRCLOTH.**PARAGRAPH 443.**

Plushes and woven fabrics (except crinoline cloth and hair seating) and manufactures thereof, composed of the hair of the camel, goat, alpaca, or any animal, combined with wool, vegetable fiber, or silk, shall be classified and dutiable as manufactures of wool.

PARAGRAPH 444.

Hair, curled, suitable for beds or mattresses, ten per centum ad valorem.

CURLED HAIR.**BRIEF OF THE HAIR SPINNERS' UNION NO. 10399, CHICAGO, ILL.**

CHICAGO, January 11, 1913.

HON. JAMES T. McDERMOTT,

*Representing Fourth Congressional District, Chicago, Ill.,
House of Representatives, Washington, D. C.:*

Regarding our telegram of January 8, 1913, we beg to state that we are in need of your valuable assistance in the coming fight of our very existence and hope by heart not to meet a failure in our appeal to you. Reports in our local newspapers Tuesday, January 7, 1913, stated that Mr. Charles Delaney, of Philadelphia, Pa., has been agitating before the Ways and Means Committee to place curled hair on the free list. Mr. Delaney, owner of the curled-hair works in Philadelphia, Pa., and Toronto, Canada, as well as South America, is able by employing cheap labor to manufacture a cheaper hair, and placing curled hair on the free list would mean an open market for him, thereby seriously ruining the curled-hair business in this country. The curled-hair trade right here in Chicago is in full flower, called for by consistent hard work in fullest sympathy between employer and employees. We fought hard and honorable for the past 12 years for our rights and a decent living, and we succeeded. Would you like to see us in despair if you can help to avoid it? We know by heart you do not. We know you will protect home industry and the American working class. You will remember when last spring before election you gave us the pleasure of your welcome visit at Armour's curled-hair works in this city and we promised to stand by you, and your election to the honorable office shows the result. We do not intend to take up your valuable time in writing long epistles; all we ask you is stand by us as we did; use all your influence and fight for us to a finish against removal of duty on curled hair. Thanking you in advance and wishing you a great success in this very important case, we beg to remain,

Respectfully, yours,

JACOB HANNEMANN,
Recording Secretary.

PARAGRAPH 445.

Haircloth, known as "crinoline" cloth, eight cents per square yard; haircloth, known as "hair seating," and hair press cloth, twenty cents per square yard.

HAIRCLOTH.**BRIEF OF T. S. TODD & CO., CUSTOMHOUSE BROKERS AND FORWARDERS, NEW YORK, N. Y.**

NEW YORK, January 29, 1913.

The WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: Hair press cloth pays duty of 130 to 170 per cent.

The United States appraiser claims that because it is made of camel's hair or alpaca it should be classified and assessed under the wool schedule at 44 cents per pound and 50 per cent, notwithstanding it is specifically provided for in paragraph 445, at a duty of 20 cents per square yard.

The result of the above is that none of the hair press cloth, such as was at the time of the passage of the present act and is now commercially known by this designation, can possibly be imported.

This material sells abroad for from 33 cents to 44 cents per pound packed in condition ready for shipment, and a comparison of these figures with the selling price of the

PARAGRAPH 446—FUR HATS.

American product, namely, 70 cents per pound, except in large quantities, when it is 65 cents per pound, is a most forceful example of abnormal and wholly unwarranted protection.

We most strongly incline to the belief that no such rate as 130 to 170 per cent was intended by Congress to apply to this product, nor in fact anything even remotely approaching such a rate, which belief is based on two propositions:

First. Hair press cloth is used in the operation of, as its name implies, pressing the oil from oleaginous seeds, such as cotton seed, linseed, castor seed, etc., therefore, a very essential and almost indispensable agent in the operation of producing various vegetable oils of very large commercial importance, and as such the law making body would not, in our judgment, desire to subject it to more than nominal taxation. This reasoning would appear justified when we find that silk bolting cloth, an article of high price and very fine texture, is free of duty, as provided for in paragraph 514 when used in the operation of bolting flour, which use is quite removed from that ordinarily applied to silk, therefore accounting for the absence of duty, whereas silk fabrics for their accustomed use are taxed 50 to 60 per cent.

Second. Paragraph 445 as enacted in the House reads "and hair press cloth, 20 cents per square yard." The Senate added the words "any of the foregoing not composed of wool," which words were stricken out in conference and the original wording of the House bill became the law.

This we think amply demonstrates that Congress had full knowledge of the fact that the hair press cloth of trade and commerce was composed of camel's hair, alpaca, or wool, and that in view of its use it should only be taxed at 20 cents per square yard.

The question of the duty on press cloth has been the subject of several decisions by the Board of General Appraisers, as well as the circuit court of appeals. In the latter case Judge Townsend, in overruling the board's decision assessing the wool rate, uses the following language:

"Paragraph 366 provides only for manufacture of wool not specially provided for. Paragraph 431 provides specifically for hair press cloth *eo nomine*. The construction given to these words by the board would seem to deprive this specific provision of all effect."

Under the present provision the only imports as hair press cloth are those comprising the lighter material made of horse hair, which is unsuitable for the heavy-oil trade above mentioned, and the duties collected are insignificant. The annual consumption of this material is about 2,500,000 pounds, and if a rate could be established, having in mind the use to which it is applied of say 5 or 10 cents per pound, it would undoubtedly afford a considerable revenue, at the same time giving an apparently adequate protection to the American manufacturer, without absolutely closing the foreign markets to the American seed crusher as at present, and we therefore hope you will afford him some relief.

We have the honor to be,

Yours, respectfully,

T. S. TODD & CO.

PARAGRAPH 446.

Hats, bonnets, or hoods, for men's, women's, boys', or children's wear, trimmed or untrimmed, including bodies, hoods, plateaux, forms, or shapes, for hats or bonnets, composed wholly or in chief value of fur of the rabbit, beaver, or other animals, valued at not more than four dollars and fifty cents per dozen, one dollar and fifty cents per dozen; valued at more than four dollars and fifty cents per dozen and not more than nine dollars per dozen, three dollars per dozen; valued at more than nine dollars per dozen and not more than eighteen dollars per dozen, five dollars per dozen; valued at more than eighteen dollars per dozen, seven dollars per dozen; and in addition thereto on all the foregoing, twenty per centum *ad valorem*.

FUR HATS.**TESTIMONY OF JAMES MARSHALL, OF FALL RIVER, MASS.**

Mr. Marshall was duly sworn by the chairman.

Mr. MARSHALL. First, let me say that I represent the manufacturers of fur felt hats, who want me to state that, after they have had a fair hearing and get what they deserve, or what they prove they deserve,

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they stand ready and willing to sail under any flag that you may nail up, and the last thing that they would think of doing is cutting down wages or shutting up shop and running away.

Four years ago I came here on this same errand, and I was impressed then, as I am now, with the earnestness of the committee in its endeavors to arrive at what would make for the prosperity of the country, and though both of them, perhaps, are driving at it from different angles, I think that both mean to get at the same thing in the end, namely, the prosperity of the country. We do not care particularly whether it is called a revenue tariff, a competitive tariff, or equalization so long as we get what we prove we deserve to have. Call it by any name you like, it will sound just as sweet to us.

I would like to present these briefs and then read this one that I have prepared myself, if I may.

The CHAIRMAN. What paragraph do you refer to, Mr. Marshall?

Mr. MARSHALL. Schedule N, paragraph 446.

Mr. PETERS. Before you commence will you please explain to the committee the difference between fur felt and wool felt?

Mr. MARSHALL. Yes.

Mr. PETERS. So that we may have it properly in mind.

Mr. MARSHALL. Wool felt hat is a hat, either a derby hat or a felt hat, that is made from wool. It is felted in the same manner as any other kind of animal fur, but it is much cheaper and much coarser. Fur felt, the industry that I represent, comes mostly from the fur of a rabbit or a hare, and sometimes a nutria or a beaver. Fur from any fur-bearing animal that will felt can be made into a hat. There are many varieties of rabbits. Some are not good for hat-making purposes. There are no particular rabbits in this country whose fur is good for hat-making purposes. The breed is not just right, although their fur is used to a limited extent in fur hats that do not have to be colored.

I want to state to the honorable Ways and Means Committee that the present tariff is worse than competitive, if you take it on that ground.

If you had a competitor across the street whose business was increasing year after year, in fact doubling every four years, you would think he was a lively sort of a competitor and one to be very much feared. That is the case of our industry.

The CHAIRMAN. Now, Mr. Marshall, I would like you to show us on that proposition, because these figures do not prove that.

Mr. MARSHALL. Yes, sir. The figures which you have, if you have the right paragraph, show—how far back shall I go, Mr. Underwood?

The CHAIRMAN. Let me see if I have the figures right. You have paragraph 446, hats?

Mr. MARSHALL. Paragraph 432 was the old law. You will have to look at the old law until the present law was enacted.

The CHAIRMAN. Maybe we have them combined here. The present law is paragraph 446?

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. "Hats, bonnets, or hoods for men's, women's, boys' "—

Mr. MARSHALL. That is it.

PARAGRAPH 446—FUR HATS.

The CHAIRMAN. Now, the total production as shown by the census of 1910 was \$46,000,000.

Mr. MARSHALL. \$46,000,000, but it also says in that census that there is considerable duplication owing to the fact that some hats are bought in the rough—that is, partly finished—and sold to another manufacturer and then finished and counted double in the census; and the same census, 1910, makes that statement, so you have to discount it somewhat, although that is not what I meant by doubling up. I meant that the importations are doubling up.

The CHAIRMAN. Wait a minute and let me see. The total importations for 1912 were \$375,000.

Mr. MARSHALL. That is right, for the fiscal year.

The CHAIRMAN. And before that time it ran along pretty evenly, about \$564,000 and \$593,000; but the amount of importations in this entire paragraph is hardly 2 per cent of the amount of the American production. However, here is what I wanted to call your attention to more particularly, that on the hats—that is, the cheaper grade of your hats—the tax is prohibitive entirely. The total importations of the low-grade hats—

Mr. MARSHALL. The bracket between \$1 and \$4.50, and there is practically no such hat manufactured of fur felt. It was in the original bill, and it was left there. Practically the cheapest fur-felt hat that is manufactured to-day is \$9 a dozen. You would not get any particular importations in that bracket, from \$1 to \$4.50. There might be some come in in the rough, as we call it, partly finished, or the bodies or hoods ready to finish, but rather few; so you have to begin at the bracket from \$9 up to get at the real hat that I am talking about.

The CHAIRMAN. Well, from \$9 up, the importations amounted to 2 per cent.

Mr. MARSHALL. Well, I took the year 1910, and, as far as I was able, I deducted the bodies in the rough, and figured it down into dozens—and we always talk in dozens in the hat business—and I figured that there is something like 2,400,000 dozen hats made of the class I am talking about. Now, while it is true that the percentage of importations has been relatively small—and I show this in my brief, and as I stated the same thing four years ago—we do not care if we stand pat or if there is a moderate increase; but it is a fact, Mr. Underwood, that, in dozens, starting back as far as you like to go, for the last 12 years, they have doubled regularly every four years. For instance, when I was here before, the total importations, in dozens, were 21,000 dozens. Last year they were 55,000 dozens, and, what is more alarming to us, the first quarter of the present fiscal year shows that there has been 24,000 dozens imported, and at that rate there will be 96,000 dozens this year—almost double in one year.

Mr. HARRISON. Where do they come from?

Mr. MARSHALL. Great Britain, Austria, France, and Italy—a few from Germany, but very few.

Now, if importations would only remain where they now are we would not care particularly; but as I have stated, we have that ever-increasing and doubling-up process, and anybody that has played any kind of a game and kept doubling knows where he will land if he keeps on.

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Mr. HARRISON. Has not your market been increasing?

Mr. MARSHALL. No.

Mr. HARRISON. Has not the domestic production been increasing?

Mr. MARSHALL. No, sir; I state in my brief that during all of this time the fur-felt hat business of this country has been decreasing. After carefully gathering statistics from south, west, north, and east, in no instance has the business been more than 75 per cent of its full time, and in some instances as low as 50 per cent of full time.

That is not due altogether to importations, Mr. Chairman. The style has changed in hats, due to that desire for a novelty that comes to every man. This has resulted in a great demand for cloth caps and wool hats. There was a time when we got a white and black necktie which we thought was all we needed. Now we get neckties to match our socks, and the same desire for novelty applies to headgear.

Mr. KITCHIN. You say the style now is to get cravats to match socks?

Mr. MARSHALL. In some instances, that is absolutely true. My Christmas present from Mrs. Marshall was a box of socks and cravats to match them. I have not worn them yet, but I got them. It is like the slippers that we get at Christmas time. We don't always wear them.

In other words, all the time that this increase, this doubling-up process was going on, and manufacturers and their employees were crying for work, they have seen the importations coming from abroad in increasing quantities and naturally they think the foreigner is getting the business when they need it badly.

Further than that, if there is one industry more than any other that is living up to the ideal that most everyone has as to how a business should be conducted, such as tariff reformists, progressives, and downward revisionists, all of them have an ideal of how an industry should be conducted, and we measure up to that in every particular.

In the first place, there is no trust. In fact, competition is so keen that in many instances manufacturers do not speak to one another when they meet.

They do not want the large manufacturer to gobble up the small manufacturer. The small manufacturer does have a chance to exist.

When I was here before there were only 4 manufacturers in Texas. Now there are 14. Small, perhaps—a journeyman with a helper and trimmer; but all of us started small and required encouragement.

This business is not sectional. It has been commonly called a New England industry. It is not. There are 452 hat manufacturers of the kind I represent, scattered in 38 different states of the Union.

Mr. HARRISON. Will you kindly tell me who wears fur-felt hats?

Mr. MARSHALL. I think you do, and I do.

Mr. HARRISON. Are derbys felt hats?

Mr. MARSHALL. They are all felt hats.

Mr. HARRISON. And silk hats?

Mr. MARSHALL. No; silk hats are made from silk plush.

Mr. HARRISON. None of them are made from animals?

Mr. MARSHALL. None of them are made from animals whatsoever.

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Mr. HARRISON. Beaver skin?

Mr. MARSHALL. Beaver used to be used long years ago and until the price of beaver got so high that it was no longer profitable to make it into hats. It originally started with beaver, when beaver was very plentiful.

Mr. HARRISON. What do they make fur hats out of?

Mr. MARSHALL. Out of rabbit and hare fur and, in some instances, nutria, which is an animal much like the beaver, and, in rare instances, beaver. If a man wants to pay for a beaver hat, he can still get it. The ordinary hat is made from rabbit fur, because rabbits are plentiful and cheap. You can even make hats out of cat's fur if you work it up.

As I said, we measure up in every case to every requirement——

Mr. HARRISON. Do we make hats out of wool in great quantities?

Mr. MARSHALL. Not in any great quantity. I do not represent the wool hats, and I do not care to talk about them, because I do not know about them; but they do make them of wool, and ordinarily they are a cheap hat.

Mr. HARRISON. When we consider the hat worn by an ordinary everyday man, that is a fur hat?

Mr. MARSHALL. Yes, sir; I am talking about the hat that the common everyday fellow wears, and also the hat that a man who can afford to buy a Stetson, Knox, or a Dunlap wears.

Mr. HARRISON. I do not believe that one man in a thousand knows that his hat is made of rabbit fur.

Mr. MARSHALL. I do not think so, and I will go further than that. I do not think that all of those who work at the business, who actually work in the factories know it, and if you were to stand them up in a row and tap every tenth man on the shoulder, he would not be able to tell you that the hat is made out of rabbit's fur. He knows his own particular little branch of it, and that is about all.

Mr. PETERS. How much does the raw material cost you?

Mr. MARSHALL. The raw material?

Mr. PETERS. By reason of the tariff.

Mr. MARSHALL. If you will let me continue and finish my remarks in sequence, I will be glad to do so, because I want to say that we measure up to an industry such as you would like to have it conducted, and then if I am wrong, I want to be checked on that. Then I will go into the material or anything else you desire.

There is no absentee ownership. It is complained of late that an owner lives in one town and has his factory in another, and that he never comes in contact with his help and does not know anything about them. I will make a broad statement, but one that you can check up. There is not a single owner of a hat factory to-day, of the whole 452 who is not still on the job every day, working just the same as he always did. I know of one gentleman who has been working for 54 years; I myself for thirty-odd years. We are still on the job.

There are few, if any, very rich owners; and that is true. What money they have is the result of years of hard labor and simply saving it.

The wages paid are the highest ever. The prices of hats are the lowest ever. [After a pause.] I was waiting to have that disputed.

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Of every dollar that we receive from hats—I do not mean every dollar it costs to manufacture them, but of every dollar we receive from the consumer—you, of course, are interested in knowing what becomes of that—the average will show that not more than 6 cents goes to the manufacturer; 40 cents goes to labor; and the balance is for material. That is a pretty fair division of the dollar we get from the consuming public.

There is not one hat sold out of this country at a less price than at home. In fact, outside of the exportations that one concern makes, that has a well-established trade-mark or trade name, there are practically no exportations. We simply can not compete with the foreigner.

Mr. PALMER. What hat is that?

Mr. MARSHALL. The Stetson. You can pawn a Stetson hat in Mexico for \$2 on account of the trade name that you have given a hat of that kind. You have a department here in Washington that registers trade-marks and trade names, and gives in many instances, as it has in this instance, almost a complete monopoly of a certain brand and stamp.

Mr. PALMER. This hat which you have been discussing is an exception?

Mr. MARSHALL. Yes; and it is not fair, by any manner of means, to judge any industry by one individual. If you name one, Stetson, I will name a Beckerley and half a dozen other fellows that have gone to the wall, and all the time Stetson has been building up. I have tried to be fair and refer to the average, and the average I give you is understated. It is too good a case to overstate. I had better understate it, so if you do check it up, as we hope you will, you will find I have done so.

So interested were we four years ago in preparing reliable statements—of course, at that time we were given to understand that anything that showed 45 per cent or more was above the dead line—that we sent abroad the very best man we could obtain to get the facts and figures. We knew the Ways and Means Committee had sent over there, and we thought they could not get the facts and figures; that it would be hard work to get in a manufacturing establishment and get those figures; so we sent a man over there——

Mr. KITCHIN (interposing). Do you mean to say the Ways and Means Committee in 1909 let you understand that they were not going to give you over 45 per cent?

Mr. MARSHALL. I got that impression. They did not say so. We all got an impression about what was going to happen, and we understood that everything above the 45 per cent at that time was going to——

Mr. KITCHIN (interposing). You thought 45 per cent was the dead line?

Mr. MARSHALL. Yes; we all thought that was the dead line.

Mr. KITCHIN. But you all crawled over the dead line to a considerable extent, did you not?

Mr. MARSHALL. Not if you consider it in a proper light, no. I will get to that in a moment. We did not get what it shows on the face of it, because all of our material originates abroad, and you have

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to take off the duty we pay to get us down to the compensating duty, which is——

Mr. FORDNEY (interposing). The man that gave you that impression forgot Brother Hill was on the committee.

Mr. MARSHALL. Brother Hill did not give me that impression. Brother Hill made a very complete study of it at that time and gathered these same facts and figures that we sent over there to get. The man we sent over there was told to get all the information he could. I gave him letters of introduction to various manufacturers over there, because I had been going back and forth for practically fifteen years, and I knew the general situation existing over there. This expert whom we sent over went in, interviewed those manufacturers, and got the prices, and his instructions from us were to go to the nearest American consul and have him check those figures up, and if he questioned them we said to him, "Take him down to the factory and have him investigate the matter himself, and check it up before your report is sent over here." That is what he did. These figures I present are the result of that investigation.

Mr. HARRISON. You say all your materials of manufacture come from abroad?

Mr. MARSHALL. All originate abroad; yes.

Mr. HARRISON. What is the matter with the American rabbit?

Mr. MARSHALL. The American rabbit can not be used because of the difference in breed. The word "rabbit" carries with it perhaps the general assumption that a rabbit is a rabbit, but it is not, any more than a dog is a dog. The hair on the rabbit varies just as there is a difference between the hair on a pointer and a setter. There are some breeds of rabbits that are not particularly good for hat making, but there are other breeds that are good.

Mr. HARRISON. That is lucky for the American rabbit.

Mr. MARSHALL. No; it is unfortunate for the American rabbit, because they can be bred in larger numbers, and they will be some day I hope, and then get back at the meat trust or something of that kind, because they are delicious eating.

Mr. KITCHIN. You get that fur free?

Mr. MARSHALL. No; we pay 20 per cent on cut fur. The rabbit skins we get free.

In all my comparisons I have taken the highest price labor we have to compete with.

Both of the hats that I will show you are made under similar conditions, one in the trade union shops of England and the other in the trade union shops of this country, and I will give you the figures on them later.

Practically all of the material that we put into the hat comes from abroad, and we pay duty thereon, and therefore are paying a full share of revenue to the Government.

The lowering of the duty on these articles would not be any great relief, for we would still be in a position where it would be impossible for us to successfully compete with the foreigner because of the advantages of the manufacturer who is close to his raw material. I do not think you could lower them enough to amount to anything. We would still be in position, as I say, where it would be impossible to

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compete with the foreigner because the advantage is all with the manufacturer who is close to his raw material. If an iron mill, for instance, is close to the mine where they take out the ore and have the coal next door, and do not have to cart it three or four thousand miles, they can compete with the fellow who has to cart it and beat him to death. That is one advantage.

Another advantage is that no manufacturer will allow this raw material to get away from him. What we get is what he does not want, because he sees it first.

Mr. HARRISON. What proportion of the cost of production of fur felt hats is the cost of the raw material?

Mr. MARSHALL. The cost of the material in our hat, a hat that sells to the public at \$2, is \$6.64.

Mr. HARRISON. What is that to the total cost of production?

Mr. MARSHALL. The cost of labor is \$7.23; the overhead charges are 61 cents. I should say that was a little less than one-half.

Mr. HARRISON. A little less than 50 per cent?

Mr. MARSHALL. Yes.

Mr. HARRISON. What is the average rate of tariff duty you have to pay?

Mr. MARSHALL. It averages, as nearly as I can make it, about 20 per cent. We pay on the fur 20 per cent; on the bands and bindings, 50 per cent; on the satin lining, 50 per cent; on the leathers, 35 per cent; on the chemicals, 30 per cent, and so on down the line, so that I have averaged it as nearly as I can at about 20 per cent.

Mr. HARRISON. So that 20 per cent of your total cost of production is the amount you have to pay by reason of the tariff—that is, the additional amount you have to pay on your material by reason of the tariff?

Mr. MARSHALL. About 20 per cent.

Mr. HARRISON. That is 20 per cent, but only half the cost of production is cost of material?

Mr. MARSHALL. Yes.

Mr. HARRISON. So it is 10 per cent of the total cost of production that is the additional amount you have to pay for the materials in your manufacture by reason of the tariff, inasmuch as they are all imported?

Mr. MARSHALL. Exactly.

Mr. HARRISON. In view of that you can hardly make the statement that you did a few moments ago, that a reduction in the duties upon your materials of manufacture would be of no moment to the hat trade in case we reduced the duty upon your finished product. It would be of very considerable moment. If we cut them in two, it would mean a 5 per cent advantage over what you now have in your total cost of production?

Mr. MARSHALL. But not enough.

Mr. HARRISON. You do not know how far we might consider cutting your finished product.

Mr. MARSHALL. I hope you will not cut it at all, but I answer that a little further on. You have rather anticipated me in not giving me an opportunity to say why I made that statement. Taking it alone, just as you put it to me, I have to answer you yes.

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But when I show you that an English hat coming in here, and one of which I have here, and which is sold commonly in this country, with the duty and all as we now have it, part ad valorem and part specific—that under those circumstances there is still left \$1.95 in favor of the English manufacturer, I do not think you are going to take all the duty off the raw material; and if you did it would amount to \$1.30, and we would still not be in a position to compete.

Mr. HARRISON. It would be of considerable help to the committee if you would file a statement of the raw materials that you use.

Mr. MARSHALL. That is what I have done.

Mr. HARRISON. And the rates of duty on each.

Mr. MARSHALL. That is in my brief.

The CHAIRMAN. Is that a fur hat, setting there on top of that box [indicating]?

Mr. MARSHALL. Yes, that is a fur hat.

The CHAIRMAN. Is that an imported hat?

Mr. MARSHALL. You can not always tell whether it is imported or not. [After examination.] Yes; that is imported from Italy. Foreign stamps are used so much that you can not always tell whether they are imported or not. Yes; that is imported from Italy.

The CHAIRMAN. What was the cost of that hat in Italy?

Mr. MARSHALL. The cost of that hat in Italy—I happen to know the firm very well, Basolino & Co.—I do not believe is one cent more than \$8 to Basolino & Co.

The CHAIRMAN. \$8 for how many?

Mr. MARSHALL. \$8 a dozen.

The CHAIRMAN. What does that hat retail for here?

Mr. MARSHALL. I am willing to tell you if you will allow me to do so privately. [Laughter.]

The CHAIRMAN. I do not want to take advantage of you and ask for an answer that I myself know; but my question is what that hat sold for.

Mr. MARSHALL. I think that hat sold for close to \$4.50 or \$5.

Mr. FORDNEY. And it cost 66 cents to produce it in Italy?

Mr. MARSHALL. I think so; or possibly more; possibly 70 cents.

The CHAIRMAN. Do you mean by that the finished hat?

Mr. MARSHALL. Finished and boxed—no, without the box, because they always figure those things separately over there.

The CHAIRMAN. What is the tariff on that hat?

Mr. MARSHALL. That hat would come in at 20 per cent ad valorem and \$5 a dozen specific.

The CHAIRMAN. That would make the tax on that particular hat—

Mr. MARSHALL (interposing). It would amount to \$6.80 per dozen.

The CHAIRMAN. The tariff would be \$6.80 a dozen, and that is 50 cents apiece?

Mr. MARSHALL. Yes.

The CHAIRMAN. Then the hat cost 66 cents—

Mr. MARSHALL (interposing). A little more than that—about 70 cents.

The CHAIRMAN. Seventy cents, and the tariff was 50 cents. Then the balance between \$1.20 and \$5—

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Mr. MARSHALL (interposing): You are getting at the thing now that I had hoped you would not ask me to state in public. I am perfectly willing to tell you in private.

The CHAIRMAN. In other words, between the importer and the wholesaler and the retailer, the difference between \$1.20 and \$5 would be chewed up.

Mr. MARSHALL. That is the difference.

Mr. FORDNEY. The importer and the jobber and the retailer would get that difference?

Mr. MARSHALL. It is chewed up; yes.

Mr. FORDNEY. By the importer—

Mr. MARSHALL (interposing). The difference is chewed up among the importer, the wholesaler, and the retailer.

Mr. KITCHIN. How much did the importer get?

Mr. MARSHALL. That is hardly a fair question. I am not an importer and I do not know.

Mr. KITCHIN. Do you know about what the importer got?

Mr. MARSHALL. I do not know about what he gets; but I know about what he asks, and I know this much: I know that all these chaps that import these hats beat us out by a nose, as it were. It is not necessary, if you are running a race, to win by 100 yards. If you win by a nose, you beat the other fellow.

Mr. KITCHIN. For what figure can you manufacture that hat?

Mr. MARSHALL. I do not make that style of hat [indicating]. I make the style of hat known as the derby.

Mr. KITCHIN. For what can that style of hat be made by the American hat maker?

Mr. MARSHALL. I do not believe that hat could be produced short of \$24 a dozen in this country, wholesale.

Mr. KITCHIN. \$2 apiece?

Mr. MARSHALL. Yes. It is not an exceptionally good hat, I want to say to you. [Laughter, the hat in question being the chairman's hat.]

The last time I appeared before this committee I proved that we were in need of considerably more duty than they finally allowed, and that same fact is true now.

They took the ground we were trying to erect a Chinese wall to keep everything out; but far from this I assured them at that time, as I assure you now, that the importations would still go on, that they would still be on a competitive basis, and I want to say to you that every statement I made at that time has been proved to be absolutely correct up to this very minute, without a question. If you will go back over my brief and check it up you will find every statement I made at that time has been proved.

So far as the tariff is concerned—for I suppose you will wonder why it is we can make hats at all—we never did have protection in the ordinary term, or a chance to compete, as we call it. In times gone by we had a good chance, because then the styles were originated by certain leaders of fashion, such as Knox and Youmans and Miller and Dunlap, that all retailers followed to a large extent. They did not issue those styles until a certain stated time, twice a year, the last Saturday in March, we will say, for the spring styles. We would send

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our man out to take orders for no end of hats to be "As the Dunlap when issued," or "As the Stetson when issued," and just as quick as they issued that hat we would rush down and get one of them and copy it and start to deliver it as quickly as we possibly could, and that was the thing the foreigner could not do.

That is stopped, because there has come into the situation a new element, selling hats at uniform prices in chains of stores that have started through the United States at one price, \$1, \$1.50, or \$2; and those chaps have simply stopped paying any attention to any style at all except what they originate themselves, and they can and do go to Europe even six months in advance, and place their orders, and when their hat comes out it is "The So-and-so style," and "The So-and-so style," and we are losing that advantage fast.

I do not want to weary the committee with long lists of figures about the costs at home and abroad, but I have here the agreement in Great Britain between the masters and the men, as they call them there. They come together and meet, and agree upon all weekly wages or piecework prices—and it is all piecework in the hat business and has been from time immemorial. Their wages are based upon an earning power of from 32 to 36 shillings a week. That is their agreement and in their official book. That is from \$8 to \$9, and that is for 56 hours a week.

Here is a statement of the United Hatters of North America, that all prices shall be based upon an earning power of \$20 a week of 50 hours.

Mr. FORDNEY. What is the English labor?

Mr. MARSHALL. Thirty-two to thirty-six shillings per week shall be the minimum price on which all earning power shall be based.

Mr. FORDNEY. What is that in American money?

Mr. MARSHALL. \$8 to \$9 in American money.

Mr. FORDNEY. As against \$20 here?

Mr. MARSHALL. As against \$20 for 50 hours here, and over there 56 hours.

It was stated here this afternoon that a workman had to pay \$3.50 for a hat, but I would like to show the chap who made that statement where he could go in his own town and buy as good a hat as this English hat for \$2, with the union label. This other hat [indicating] is an American hat. One of these costs the retailer \$14.40 per dozen landed at his door; the other one costs \$14.85 per dozen landed at his door. One is English and the other is American.

I would like to have you run your hand over that hat [handing a hat to the members of the committee]. I never wore one myself that cost over \$2.

These are being sold every day.

Mr. DIXON. This is fur felt?

Mr. MARSHALL. Yes, it is fur felt, made from rabbit fur.

These hats are being sold every day. The retailers who make a specialty of these \$2 hats are selling these hats, and there are any quantity of them who are making a specialty of selling these very hats at \$2, and it is possible to buy a good American made fur-felt hat at \$1 to \$1.50 each.

I thank you.

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BRIEF OF JAMES MARSHALL, CHAIRMAN FUR- FELT HAT MANUFACTURERS'
COMMITTEE.

The WAYS AND MEANS COMMITTEE,
House of Representatives.

THE PRESENT TARIFF IS WORSE THAN COMPETITIVE.

GENTLEMEN: If you had a competitor across the street whose business was increasing year after year, in fact, doubling every four years, you would think he was the liveliest sort of a competitor, and one to be very much feared. That is the case with our industry.

Four years ago when I appeared before this committee I stated that the thing we were most concerned about was the increase of importations year by year, doubling every four years, as they had done at that time, and as they have done since that time, going from 22,000 dozen then to 55,000 dozen in the fiscal year of 1912, and what is still more alarming, 24,000 dozen the first quarter of the present fiscal year.

It doesn't take much of a mathematician to figure out at this rate when we will see our finish.

Now, during all this time the fur-felt hat business of this country has been decreasing. After carefully gathering statistics from South, West, North, and East, in no instance has the business been more than 75 per cent of its full time, and in some instances as low as 50 per cent of full time.

In other words, crying for work, and at the same time seeing the importations coming from abroad in increasing quantities, the foreigners getting the work when we needed it badly, and every bit of it.

It doesn't make much difference if we say one of the reasons for the falling off is the introduction of wool hats, caps, cloth hats, or what it is. The fact remains that those engaged in the business, both workmen and owners, are sadly in need of work, and at the same time they see the importations increasing every quarter to an alarming extent.

If there is one industry more than another that is living up to the ideal that most everyone has in their minds as to how business should be conducted, that industry is our own.

WE MEASURE UP TO EVERY REQUIREMENT.

In the first place—no trust. In fact, competition is so keen that in many instances manufacturers don't speak to one another when they meet.

The small manufacturer has a chance to exist.

When I was here before, there was only 4 manufacturers in Texas. Now there are 10. Small to be sure, but all of us started in a very small way, and have the good, healthy desire to grow.

THE BUSINESS IS NOT SECTIONAL.

The count shows that there are about 450 large and small engaged in this industry and scattered over 38 States.

THERE IS NO ABSENTEE OWNERSHIP.

Every owner of a hat factory to-day is still on the job, seeing his help every day and working all the time.

There are few, if any, very rich owners in our business. What money they have is the accumulated savings of years of hard labor.

The wages paid are the highest ever.

The prices of hats the lowest ever.

Of every dollar that is received for hats, the average distribution is as follows: Six cents of it stays with the manufacturer; 40 cents, or more, goes to labor; the balance is for material. This certainly is not an unequal division of the money received.

There is not a hat sold out of this country at a less price than at home.

In fact, outside of the exportations of one concern that has a well-established trade name, there are practically no exportations, for we simply can not compete with the foreigner.

These facts and figures are not a mere statement on my part but are the result of a careful study and can be checked up from the Census Bureau.

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So interested were we four years ago in preparing a reliable statement that we sent abroad one of the very best men we could get to gather facts and figures in every country and present them to the nearest United States consul for his approval. He did this, and as a result we present to you the attached table of the cost of the hat at home and the cost abroad.

You will note that I have taken the highest priced labor with which we have to compete. That is, English, where their trade-unions are as flourishing and as well managed as our own. Both hats are made under trade-union conditions, and bear the trade-union label of the country in which they were made. These hats I am pleased to exhibit to the committee.

Practically all the material that we put into the hat comes from abroad, and we have to pay duty thereon, and therefore are paying a full share of revenue to the Government.

The lowering of the duty on these articles would not be of any great relief, for we would still be in a position where it would be impossible for us to successfully compete with the foreigner, because the advantage is all with the manufacturer who is close to his raw material—where he gets the first pick of it—who is close to the sort of labor that will work for considerably less.

The last time I appeared before the committee I proved that we were in need of considerably more duty than they finally allowed, and the same fact is true now.

They took the ground that we were trying to erect a Chinese wall to keep everything out, but far from this I assured them that should they allow what we suggested, importations would still go on, that they still would be on a competitive basis, and every statement made at that time has more than been borne out by the facts since, as you will note by the increase of importations.

SO FAR AS TARIFF IS CONCERNED, WE NEVER HAD A CHANCE TO COMPETE.

In times gone by we had a good chance, because then the styles were originated by certain leaders of fashion, like Dunlap, Knox, and others, who brought out a hat on a certain specified date, and no one could get to see this hat before they first exhibited it in their own stores. Manufacturers were in the habit of booking orders long in advance for the Dunlap when issued, for the Knox when issued, etc.

Then everybody rushed—got one—copied it as quickly as possible and got it out to his trade within a very short time, a thing that the foreigner could not do.

Now, however, comes the establishment of chains of stores selling hats at fixed prices throughout the United States. They pay absolutely no attention to these styles, but originate for themselves, which has enabled them to purchase their supplies six months or more in advance when necessary and just what they want for their trade.

I don't want to weary the committee with long lists of figures, and one instance perhaps is enough to show the difference in cost between this country and abroad. England has the highest priced labor with which we have to compete. It is much higher priced there than in Austria, Italy, or France that export many hats to the United States; but taking England alone, there the owners and the men agree on bills of prices that are published and are available.

The English agreement states that the earning power on which all prices shall be based is 32 to 36 shillings (\$8 and \$9 of our money) per week of 56 hours.

Now, then, the United Hatters of North America publish just such a book, and therein it states that all prices shall be based on a minimum earning power of \$20 a week of 50 hours.

As all the prices that we pay in our factories are based on so much a dozen, and the same thing is true of the factories abroad, the argument that the American workman can produce more in a day than one can abroad does not hold good, for we have to pay the majority of them by the piece and it is so much per dozen, and all the prices that I have shown in my table of comparative costs are based on so much per dozen.

Gentlemen, the crisis is so great in the fur-felt hat business to-day that we feel it is our absolute duty in all fairness to ask that the tariff be increased and increased sufficiently to give us a chance to compete.

Therefore, we ask that to the present duty there be added an additional ad valorem of 10 per cent, which will not reduce the revenue to the Government one bit. Hats will come in just the same, and will increase the revenue by just that amount, and it may have a tendency to stop the ever-increasing, doubling-up process that is now going on.

JAMES MARSHALL,
Chairman Fur-Felt Hat Manufacturers Committee.

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APPENDIX.

Comparative cost of the two hats exhibited, selling at retail at \$2.

Items of cost.	English hat (selling at \$14.40 per dozen).	American hat (selling at \$14.85 per dozen).
Labor.....	\$2.74	\$7.28
Material:		
Fur.....	\$1.71	\$1.98
Leathers.....	.52	.80
Band and binding.....	.53	1.07
Satin.....	.50	1.10
Shellac.....	.37	.40
Alcohol.....	.18	.18
Dyesuff.....	.07	.09
Chemicals.....	.03	.04
Wires.....	.06	.06
Boxes and cases.....	.50	.70
Miscellaneous.....	.12	.22
Overhead.....	4.50 .40	6.64 .61
Total cost.....	7.73	14.43

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: When it was learned that a revision of the tariff was to be made, the manufacturers of fur-felt hats spontaneously came together and appointed a committee to work with you along proper lines. At the outset we desire to emphasize the fact that there is not one dissenting opinion among them all as to what should be recommended for your consideration.

The hat manufacturers do not comprise any combination of protected interests within any meaning of that expression. They compose 453 makers of fur-felt hats, many of them proprietors of small shops, which are located in every section of the country and many States in the Union. For the most part they are men desirous of maintaining the small individual establishments which they have started and in which they are endeavoring to build up by fair, competitive methods a living business. Among them there exists to-day, as always, the keenest rivalry and competition, resulting in the necessity for the application of the most modern methods of manufacture and the closest application to every detail connected with the trade.

The great body of makers of fur-felt hats are in the class of "small business." They are citizens who have worked and now work personally at their trade in one or another capacity. While they number among them some few who have, after many years of active efforts, accumulated a competence; still, what these few now have is so invested in and affected by the continued success of their factories that any continued depression in their trade would prove disastrous. It is not possible to point to even a few of the so-called fur-felt hat manufacturers and classify them among the very wealthy or even the relatively well-to-do.

There is no attempt by combination or unfair methods to restrict the free-for-all and open competition which, as is commonly known by all who have investigated, exists to-day as never before in this line of industry. This competition is not confined among themselves to those located in the United States, but the field includes the great countries of Europe as well. It is with the sole desire of being placed and kept in this country in a position to fairly compete with the outside world that the manufacturers have appointed this committee for the purpose of presenting to your honorable body briefly the true conditions to-day of the fur-felt hatting industry, with the conviction that there is no desire on your part to take any action except that which will restore competitive conditions.

The fur felt hat manufacturers have never been found to be a protected class. The result of the most careful scrutiny of any available statistics will be to convince you that this statement is conservative and is sustained beyond peradventure by the facts. That so many small individual concerns have had the courage to start and been able to grow gradually in the midst of such competitive disadvantages as have surrounded them testifies to the confidence and hope which they have that action on your part

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will result in placing them at a greater advantage in their struggles with the open markets of the world than they now enjoy.

After the tariff revision of 1897, and until four years ago, years of practical operation under that act proved that a reclassification on scientific lines was absolutely necessary in order to protect the Government from the frauds which were practiced by those seeking to derive advantages from unfair and dishonest methods of importations, and to allow the American fur felt hat manufacturers an honest basis from which to figure what duties were necessary in order to provide competitive conditions. The classification as now existing for finished fur felt hats is scientific and no change is asked for affecting the several grades which are recognized and maintained throughout the trade. This classification is the result of a custom produced by manufacturers as a basis of comparative values of their respective products. Hats from time immemorial have been sold in units of dozens, and the price has always been figured in multiples of twelve, the grades being classified as follows: \$1.50, \$3, \$4.50, \$6, \$7.50, \$9, \$10.50, \$12, \$13.50, \$15, \$16.50, \$18, \$24, and \$30, etc., per dozen. We believe this classification is now universally regarded as proper, and any change in it would be absolutely wrong. It would deprive the Government of revenue to which it is entitled.

During the past 15 years the labor conditions in the hatting industry, both in the United States and in Europe, have undergone very decided and noticeable changes. In the United States the price paid to labor as its share of the returns from the manufacture of fur felt hats has steadily increased, until to-day wages are higher in this country than ever before. In Europe, in addition to the lower scale of wages, the manufacturers have kept pace with the world's progress in the use of the most modern and improved machinery and methods of production known to this particular industry. In some grades of hats the proportion of the cost per dozen which is paid to labor is nearly three times as great in this country as that paid per dozen for the same grades of hats manufactured in Europe. The work is most all piecework, and in this country is paid under a regular schedule of prices scaled upward as the value of the grades advance. This is only one of the competitive disadvantages for the American manufacturer which must be provided against by your honorable committee. For the purpose of presenting to the committee an intelligent and simple comparison of the American and foreign product, we submit a table of the cost price of two hats of the \$16.50 grade, inasmuch as this grade approximates the middle value, being about halfway between the lowest and the highest grade of hats manufactured in the United States.

Foreign hat (made in England and delivered in the United States, duty, etc., paid at \$14.40 a dozen net).		American hat (sold at \$16.50 per dozen, less trade discount of 10 per cent, or \$14.85 per dozen net).	
Labor.....	\$2.74		\$7.23
Material:			
Fur.....	\$1.71	\$1.98	
Leather.....	.52	.80	
Band and binding.....	.53	1.07	
Satin.....	.50	1.10	
Shellac.....	.37	.40	
Alcohol.....	.18	.18	
Dyestuff.....	.07	.09	
Chemicals.....	.03	.04	
Wire.....	.06	.06	
Boxes and cases.....	.50	.70	
Miscellaneous.....	.12	.22	
	4.59	6.64	
Overhead charges.....	.40	.61	
Factory cost.....	7.73	14.48	
Difference in favor of foreign hat.....	6.75		
Present duty.....	4.80		
Advantage in cost of foreign hat delivered in United States.....	1.95		

The hat made in England, as shown in column No. 1, is sold at retail for \$2 each, and the retailer can obtain it delivered at his door for \$14.40 net per dozen.

The same grade of hat made in the United States, as shown in column No. 2, is sold at retail for \$2, and the very best price at which the manufacturers can sell this American made hat is \$16.50 per dozen less 10 per cent, or \$14.85 per dozen net.

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Fifteen years ago trade conditions in the United States and in Europe, so far as the American fur-felt hat industry was concerned, were independent of each other. The European manufacturers could not compete in this market because of the peculiar conditions which then prevailed, and of the manner in which those conditions were met in this country. Such styles as Knox, Dunlap, Miller, etc., were recognized leaders, and in demand. Every retailer awaited the bringing out of these styles before offering hats to his trade, as the demand for them from his customer regulated his business each season. Each would place his orders with manufacturers for these styles well in advance, to be delivered to him as soon as possible, after the issue of each new style. This, of itself, gave the American manufacturer an opportunity to compete with the foreigner, who was delayed in securing these new styles. Year by year this advantage has been lessened until now it amounts practically to nothing. This is explained by the fact that retailers now create their own styles and do not copy to any great extent the productions of other makers.

The strongest argument which can be presented to your committee of the great danger to the industry is shown by the following table of importations:

Fiscal year:	Dozen.
1898.....	7, 636
1899.....	5, 734
1900.....	8, 814
1901.....	7, 054
1902.....	7, 819
1903.....	9, 034
1904.....	8, 817
1905.....	8, 143
1906.....	14, 536
1907.....	19, 194
1908.....	21, 892
1909.....	35, 014
1910.....	40, 654
1911.....	41, 000
1912.....	55, 311

It is seen that a marked increase has taken place since 1899, and this increase has grown to an alarming extent, placing the industry of this country in real danger from the crushing competition of all Europe. The result, when understood by the score of small manufacturers, is indeed discouraging. Unless the present tariff duties, which are less than competitive, are at least maintained, European manufacturers will fill the markets of this country with their output and produce conditions which will be disastrous to the domestic trade. Such a condition is now indicated.

CONCLUSIONS.

We have presented to you reasons which we believe clearly show that the American manufacturer can not now deliver his product at the store of the retailer in this country as cheaply as his European competitor, and the statistics show that the amount of hats imported into this country forms a growing percentage of the home consumption.

To-day a better American made hat can be produced at a price cheaper than ever before. There is no excess of production which is sent abroad and sold anywhere in the world at a price less per hat than the price at which it can be purchased right here in the home market. In this respect the hat industry differs materially from those which have been protected and have been a cause of the nation-wide agitation for a revision of the tariff which will bring such industries down to a competitive level.

None of the evils of so-called "big business" can be found in the industry which we represent. This has been one of the things of which the fur-felt hat manufacturers have always been proud and to which they now point with satisfaction.

Every American manufacturer, large or small, is awake more than ever to the keen competition with the entire world, which, in the hat industry, is so threatening; and it can not be disputed that under the present conditions and prevailing rates of duties the European fur-felt hat manufacturers have a decided competitive advantage over the American makers of this country.

The opportunity presents itself for your honorable committee to strengthen the present competitive conditions for an industry which has actually reached its crisis. This condition is the result, not of lack of energy, thrift, ability, or progressiveness of the American fur-hat manufacturer, but solely of commercial conditions existing abroad, over which we have not control. It must be realized that such a public privi-

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lege and duty can be met only by meeting the economic conditions which actually exist, and from which at present apparently there is no possible relief. The amount of revenue derived from the competitive duties required should not be lessened, for it is in the aggregate too substantial to be denied, and it is obtained without working the slightest hardship upon the consumer, who should receive the first consideration.

In order to meet these requirements, we simply ask that the present classification be maintained and that an additional ad valorem duty of 10 per cent be reported, thereby providing conditions which will keep the American manufacturer upon a firm, competitive basis with the foreign manufacturer, who would otherwise invade our markets with crushing results to American enterprise and activity, offering no possible advantage to the consumers of this country who at present find no cause to complain and who do not ask for any relief, because the situation in the hat industry is recognized on every hand to be absolutely free from the evils which provoke criticism.

Respectfully submitted.

JOHN T. SWIFT,

Associate to the chairman Fur Felt Hat Manufacturers' Committee.

TESTIMONY OF P. H. CONNOLLEY.

Mr. CONNOLLEY. Mr. Chairman and gentlemen, I am one of a delegation of eight who come here in the interest of the fur felt hat industry. I come representing the men engaged in the manufacturing of hats, and not as representing any manufacturer. I came, you might say, spontaneously, because I did not know until yesterday that I was to come here. I was requested by the president of the United Hatters of North America to come here in the interest of the men.

I was for 17 years secretary of the local organization of hat makers, and know the amount of work that they had in that time. I can safely state that for the past three years the men have not been engaged steadily over six months out of the year. While we have a minimum rate of wages which is scheduled at \$22 a week for a 50-hour week, I am putting it high when I say that the men working in the hat industry have not for the past three years averaged \$9 a week.

Statistics show that under the present rate of duty there has been imported into the United States in 1912, 55,000 dozen hats. We have been informed that possibly a reduction would be made in the present tariff rates, and we feel that if such a reduction is made that instead of the men that are now employed six months a year that they will probably work four months a year. In my community, Danbury, Conn., we are dependent solely upon the fur-hat industry; that is all we do; that is the only manufacturing that is carried on in that locality.

Any other industry that is carried on there is supported by the hat industry, because they are engaged in making and manufacturing some article that is used in the manufacture of hats. Therefore I feel, and the men in my community feel, that if any further reduction is made in the present rate of duty they are going to suffer from it. They have asked this delegation to come here before this committee and prevail upon you not to disturb the present tariff on hats. We can not afford to have it disturbed. We know that it should remain where it is in order to give the men and women in the industry a living wage. I know from personal experience of one case, that of a girl, whose minimum rate of wages is supposed to be \$12 per week. In 1910 her pay for the year was \$51—less than \$1 a week—and if she had full work in the factory in which she was employed she could have earned that amount in two weeks at the work she was

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doing. I know if it was not for four factories in that district—and you might say the same of Orange, Newark, and Brooklyn—at least one-half of the people there would not be working at all. These four factories employ about one-half of the people. We have 21 factories in that community that make hats all the way through, besides several that we call buckeyes, that just finish hats. How some of the men and women engaged in that work in those factories have lived for the past three years is a mystery. I never could understand it. You might say, How do I know the amount of wages earned by these men? I was in a position to know it. I collected what we call dues from the men. They have a percentage system of 1 cent on every dollar, and I could tell from the slips that they were turning in to me. They pay that assessment from the pay envelope and not on a statement of what they might say they have earned, so that a man could not tell me he had earned \$9 and at the same time have earned \$15; they pay it from their pay envelopes, and they have paid as low as 8 and 9 and 10 cents a week. Of course, in the busy season it would go above that. If it was not for the busy season, when they have plenty of work, they could not possibly live.

I hope you gentlemen will look at this matter in the light that we want to have you look at it and that you will leave the tariff at least where it is. If you could possibly do anything to bring us in that other 55,000 dozen we would like to have it. We feel that it would start up some factories now idle in these communities and give work to men out of employment.

I want to apologize to the committee for not being present last night. We understood that this hearing was to be held at 10 o'clock this morning, and we did not arrive in Washington until late last night. My colleagues and I desire to thank you very much for the courtesy extended to us in granting us the opportunity of appearing before you this evening.

**BRIEF OF THE UNITED HATTERS OF NORTH AMERICA, LOCAL
NO. 8, BROOKLYN, N. Y.**

BROOKLYN N. Y., *January 27, 1913.*

Hon. OSCAR W. UNDERWOOD,
Birmingham, Ala.

SIR: At our last regular meeting the following resolution was adopted:

Whereas the present Congress is considering amendments to the tariff law; and

Whereas the ruinous competition among the American manufacturers has rendered the lot of the workers in that industry a very hard one; and

Whereas under the present tariff, hats are imported into this country in enormous quantities at a lower price than they can be manufactured here: Therefore be it

Resolved, That we, the members of the United Hatters of North America, Local No. 8, earnestly protest against any reduction in the tariff on hats, believing that any lower tariff will result in an increased importation in such quantities as to make it impossible to earn a living at our trade; therefore be it

Further resolved, That we petition the Members of Congress, especially those Members from Greater New York, to use their best endeavor to prevent any reduction of the tariff on hats, but rather that the tariff be increased, believing that the competition among the American manufacturers will amply protect the consumer.

Yours, respectfully,

RICHARD M. HUMPHRY,
President, Local No. 8, United Hatters of North America.
AUGUST SCHNEIDER, *Secretary.*

PARAGRAPH 448—JEWELRY.**PARAGRAPH 447.**

Indurated fiber ware and manufactures of pulp, not specifically provided for in this section, printed or unprinted, thirty-five per centum ad valorem.

PARAGRAPH 448.

Chains, pins, collar, cuff, and dress buttons, charms, combs, millinery and military ornaments, together with all other articles of every description, finished or partly finished, if set with imitation precious stones composed of glass or paste (except imitation jet), or composed wholly or in chief value of silver, German silver, white metal, brass, or gun metal, whether or not enameled, washed, covered, plated, or alloyed with gold, silver or nickel, and designed to be worn on apparel or carried on or about or attached to the person, valued at twenty cents per dozen pieces, one cent each and in addition thereto three-fifths of one cent per dozen for each one cent the value exceeds twenty cents per dozen; all stampings and materials of metal (except iron or steel), or of metal set with glass or paste, finished or partly finished, suitable for use in the manufacture of any of the foregoing articles (except chain valued at less than thirty cents per yard other than nickel or nickel-plated chain); valued at seventy-two cents per gross, three cents per dozen pieces and in addition thereto one-half of one cent per gross for each one cent the value exceeds seventy-two cents per gross; rope, curb, cable, and other fancy patterns of chain, without bar, swivel, snap or ring, composed of rolled gold plate or of silver, German silver, white metal, or brass, not exceeding one-half of one inch in diameter, breadth or thickness, valued at thirty cents per yard, six cents per foot, and in addition thereto three-fifths of one cent per yard for each one cent the value exceeds thirty cents per yard; finished or unfinished bags, purses and other articles, or parts thereof, made in chief value of metal mesh composed of silver, German silver, or white metal, valued at two dollars per dozen pieces, ten cents per piece and in addition thereto three-fifths of one cent per dozen pieces for each one cent the value exceeds two dollars per dozen; all of the foregoing, whether known as jewelry or otherwise and whether or not denominatively or otherwise provided for in any other paragraph of this Act, twenty-five per centum ad valorem in addition to the specific rate or rates of duty herein provided; all articles commonly or commercially known as jewelry, or parts thereof, finished or unfinished, including chain, mesh, and mesh bags and purses composed of gold or platinum, whether set or not set with diamonds, pearls, cameos, coral, or other precious or semiprecious stones, or imitations thereof, sixty per centum ad valorem.

See also Gustav Blumenthal, page 5146; George Borgfeldt, page 5223.

JEWELRY.**TESTIMONY OF A. H. WASHBURN, OF NEW YORK CITY.**

The witness was first duly sworn by the chairman.

Mr. WASHBURN. Mr. Chairman, I appear for Mr. Ganz. I appear for the importers of what may be called "near jewelry," imitation jewelry.

Mr. HARRISON. What paragraph is that, please?

Mr. WASHBURN. Paragraph 448. These importers probably import about 85 or 90 per cent of the total volume of imports coming into this country. That is not saying very much; and first of all, for I do not wish to talk from my notes any more than I can help, I wish to direct this committee's attention to the rather extraordinary phraseology which appears in paragraph 448. This paragraph resolves itself into several different groups. For example, first of all it provides for "chains, pins, collar, cuff, and dress buttons, charms, combs, millinery and military ornaments, together with all other articles of every description," and then follows, after some further language, a provision based on value, to wit, "Valued at 20 cents per

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dozen pieces, 1 cent each and in addition thereto three-fifths of 1 cent per dozen for each 1 cent the value exceeds 20 cents per dozen," and a little later on in the paragraph you have a provision for—

rope, curb, cable, and other fancy patterns of chain, without bar, swivel, snap, or ring, composed of rolled gold plate or of silver, German silver, white metal, or brass, not exceeding one-half of one inch in diameter, breadth, or thickness, valued at thirty cents per yard, six cents per foot, and in addition thereto three-fifths of one cent per yard for each one cent the value exceeds thirty cents per yard.

There is another clause in that paragraph which provides for bags and purses, and there is a value, for example—

valued at \$2 per dozen pieces, 10 cents per piece, and in addition thereto three-fifths of 1 cent per dozen pieces, for each 1 cent the value exceeds \$2 per dozen.

Now, I read that language of valuation, not because its meaning is apparent upon first reading, because it is not. I think the inference anybody would get from reading that paragraph is that those different classes have different standards of value. As a matter of fact, they may be translated into terms of the same common denominator. What they mean is that there is provided certain specific rates of duty which in every case figure out mathematically 60 per cent all through that paragraph as to those three clauses to which I have just directed your attention. Then thereafter there is a cumulative rate of duty of 25 per cent, so that you get in that paragraph, involved as it is, finally language which means that all those things therein provided for take a duty of 85 per cent. That is a raise of nearly 50 per cent over the rates which were provided for in the Dingley Act; there they were 60 per cent, and the examiner of merchandise, when he comes to pass these goods, does not figure out all those involved rates; he simply marks on the invoice 85 per cent, and lets it go at that.

I submit that first of all there is a provision of the act which can only be explained on the theory it conceals its real intent, and that no matter what rate this committee adopts it ought to be expressed in clear and unambiguous terms.

We have heard something about paragraph 448 here this afternoon, and, as I gathered, there was the statement made that certain court decisions had done a great deal to break down the real intent of the law and there was read for the benefit of this committee certain statements which appeared in the old notes on tariff revision four years ago. I think we ought to get this into our minds clearly that the appraising officers have this mental attitude with respect to everything that comes before them: They think it their duty to impose—to find the highest possible rate, and if the importer is dissatisfied with that rate his remedy lies by protest. And they take duty upon that theory, and consequently under the Dingley law, for example, there was a class of articles, which are provided for specifically here in paragraph 448, called millinery ornaments, that is to say, articles which women wear to decorate hats; cheap, tawdry, flimsy, ephemeral stock, the creation of a season, and then cast aside. The appraising officers at New York, under the old tariff act, at the beginning of 1897, classified all that stuff as jewelry. The provision under the act of 1897, was "For articles commonly known as jewelry," and they said that stuff was jewelry. There was a contest over it and ultimately the Circuit Court of Appeals said it was not jewelry.

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Now that is an illustration, and such articles went to the residuary clause of manufactures of metal.

In the same way, under the same act, things like some grades of hatpins—take a hatpin with just a metal shaft and a plain glass head; somebody drills a little hole through it and some girl or boy clamps it onto that metal shaft. Was that jewelry? Well, the appraising officer said it was, and ultimately the court said it was not. And so some side combs, such as women wear, made out of base metal, all that stuff was classified as jewelry. Belt buckles, that is something I have in mind. They were said to be jewelry also; so classified, and all were ultimately held not to be jewelry.

Now, they came to the tariff act of 1909 and Congress specifically set forth in this paragraph a large class of articles which had been held under the decisions not to be jewelry, and as to those things they provided a duty of 85 per cent. Mind you, they left the old provision for jewelry, left it much as it was in the old act. That is to say, certainly if not as to language, then as to rate. The old provision for jewelry was 60 per cent, and here in the act of 1909 it was 60 per cent also. We were told here this afternoon that that was limited to jewelry of gold and platinum. Well, is it? Let us scrutinize that concluding clause of the paragraph:

All articles commonly or commercially known as jewelry, or parts thereof, finished or unfinished, including chain, mesh, and mesh bags and purses composed of gold or platinum, whether set or not set with diamonds, pearls, cameos, coral, or other precious or semiprecious stones, or imitations thereof, sixty per centum ad valorem.

There is no comma between "purses" and "composed of gold or platinum," and the Government itself, the Treasury Department, raised the contention that that provision for jewelry at 60 per cent was not limited to jewelry composed of gold or platinum, but that the phrase "gold or platinum" related to the mesh bags. There is some foundation for a contention of that sort when you see, earlier in the paragraph, that there is a provision for mesh bags composed of German silver. That was not the importers' contention, mind you; that was the contention of the Government, and that view was sustained by the Court of Customs Appeals. That is a decision about which we have heard something this afternoon, and in rendering that decision the court took this view of that paragraph, which I think is perfectly consistent and logical.

The court said, in substance, that Congress, in the act of 1909, left the provision for jewelry just where it was before, at 60 per cent, and certain other classes of articles, or certain other articles which had been held not to be jewelry under the old law were classified for duty at rates which were the equivalent of 85 per cent, and that the provision for jewelry in the concluding part of that clause was a more specific term than the provision for all other articles which appear in the first part of paragraph 448. That is as far as that decision went. I think it is perfectly consistent. But, it works out this way, and that is the thing of which we complain.

The jewelry of precious stones, or precious metals, genuine jewelry, if you please, pays a duty of 60 per cent; under that decision cheap imitation jewelry of certain classes pays the same rate of duty, but there is a vast class of other articles which are specifically mentioned

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in this act, such as chains and pins and dress buttons and charms and combs and millinery ornaments, which are akin to jewelry; they may be what I might term "near jewelry." That is the sort of stuff that takes 85 per cent, and that is as near to jewelry as women who have to earn their living, or who have slender incomes, ever get, and there ought not to be that discrimination, we submit, between that class of stuff at 85 per cent—now taking 85 per cent—and genuine jewelry, which only pays 60 per cent.

Mr. PALMER. You would go back to the language of the Dingley law, would you? You would simplify that paragraph?

Mr. WASHBURN. I would simplify that paragraph; yes, sir.

Mr. PALMER. That is, you would cover the articles commonly known as jewelry. When did these other classifications in this paragraph get into the law? When did they get into the bill? During the Payne bill?

Mr. WASHBURN. That happened on the floor of the Senate.

Mr. PALMER. Was the argument presented to the Committee on Ways and Means during its hearings, during the passage of such a classification?

Mr. WASHBURN. As you now find it here?

Mr. PALMER. Yes.

Mr. WASHBURN. Yes; there was such an argument made. You will find it in the tariff hearings of three or four years ago.

Mr. PALMER. But the Committee on Ways and Means turned it down, did they not?

Mr. WASHBURN. They did.

Mr. PALMER. They offered in their bill, as it was reported to the House, the simple language of the Dingley law.

Mr. WASHBURN. They practically reenacted the Dingley law.

Mr. PALMER. And on the floor of the Senate it was put in?

Mr. WASHBURN. The Senate Committee on Finance reported the House measure, and somewhere on the floor of the Senate this paragraph was inserted one night in the law by way of amendment.

Mr. PALMER. Who appeared here on behalf of this new paragraph before the Ways and Means Committee at the time, do you know?

Mr. WASHBURN. For the domestic interests?

Mr. PALMER. Yes.

Mr. WASHBURN. No; I do not recall. You will find it in the hearings of four years ago. My recollection is that a gentleman by the name of Thresher—I am not quite sure about that, but that is my recollection.

Mr. PALMER. Where was he from?

Mr. WASHBURN. From Providence or Attleboro.

Mr. PALMER. Providence, R. I.?

Mr. WASHBURN. Providence, R. I., and Attleboro, Mass.

Mr. PALMER. Are there very large manufacturing concerns of this kind in Rhode Island?

Mr. WASHBURN. Yes; there are, in Providence. And there are in Attleboro. There are a great many manufacturers of what may be called imitation or cheap jewelry.

Mr. PALMER. Just as a matter of passing interest, who offered the amendment in the Senate, any one from Rhode Island?

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Mr. WASHBURN. That is my recollection, but I should have to verify it.

Mr. PALMER. Senator Aldrich?

Mr. WASHBURN. I think so.

Mr. PALMER. So that the manufacturers put up this same contention before the Committee on Ways and Means, which turned them down, and the House refused to do it, the Senate Finance Committee refused to do it, but Senator Aldrich, from Rhode Island, offered the amendment on the floor of the Senate when these things went into the law?

Mr. WASHBURN. You state my recollection of what transpired four years ago.

Mr. HARRISON. Your time has now expired, Mr. Washburn.

Mr. WASHBURN. I am very much obliged for the time you have given me. I wish to go on for a few minutes, though.

Mr. HARRISON. May I ask if you have any explicit suggestion to make about simplifying this paragraph which you recommend that we return to the Dingley phraseology?

Mr. WASHBURN. I am frank to say that was productive of a great deal of litigation. I wish to be perfectly frank with the committee.

Mr. HARRISON. Outside of the question of the rates, you think that the phraseology, by reason of that litigation, is now well enough established in the law to give us a safeguard as to how to draw the law now?

Mr. WASHBURN. I think there has been as much litigation, if not more, under the present act by reason of this novel phraseology, than there was under the Dingley law.

Mr. HARRISON. Have you any paragraph to suggest which you think will simplify it?

Mr. WASHBURN. I have not framed up any paragraph, but under the McKinley law the rate upon jewelry—I think the phraseology was “Articles commercially known as jewelry,” was 50 per cent. Under the Wilson law it was 35 per cent. Under the Dingley law, where the language was “commonly known as jewelry,” the duty was 60 per cent. And under all those laws I think it can not be gainsaid that the domestic interests flourished and had their fair share of prosperity. Now, we find this rate of 85 per cent, and I will close with just this suggestion: If you will look at the tables I think you will find that the total consumption in this country is something like \$80,000,000. Now, of course, I am confronted with some difficulty there because that includes not only this cheaper imitation jewelry, but also the genuine jewelry, and you can not segregate it, but it is probably true that \$25,000,000 or \$30,000,000 of that total is made up of this class of stuff. There is imported considerably less than \$1,000,000 a year of this class of stuff, taking jewelry as a whole, that is, including the genuine jewelry with this cheap imitation stuff. The figures are slightly in excess of \$1,000,000, but undoubtedly there is less than \$1,000,000 which represents the total volume of importations of this class of stuff. We say that that shows that competitive conditions do not exist, and if the duty were lowered to some reasonable basis that the Government would, as a matter of fact, get much more revenue than it is getting now under rates which are, as to some

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articles, anyway, provided for in this paragraph, practically prohibitive. That is my suggestion. I will take an opportunity later on of filing a brief with the committee.

The CHAIRMAN. Mr. L. C. Hill and Mr. John L. Whiting, represent the J. J. Adams Co., and I wish to say to those gentlemen that the committee only allows one witness to represent one company. Are those gentlemen present? [After a pause.]

Is either Mr. Hill or Mr. Whiting present?

Mr. PETERS. Mr. Hill was speaking to me outside.

The CHAIRMAN. Is he here to-night?

Mr. PETERS. He spoke to me this evening.

BRIEF OF COMMITTEE OF JEWELRY AND NOVELTY IMPORTERS IN RE JEWELRY.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Supplementing and restating in part what was said orally in our behalf by Mr. Washburn on the 29th instant, we desire to invite attention to one of the most intricate and bewildering paragraphs of the existing tariff, to wit:

448. Chains, pins, collar, cuff, and dress buttons, charms, combs, millinery and military ornaments, together with all other articles of every description, finished or partly finished, if set with imitation precious stones composed of glass or paste (except imitation jet), or composed wholly or in chief value of silver, German silver, white metal, brass, or gun metal, whether or not enameled, washed, covered, plated, or alloyed with gold, silver, or nickel, and designed to be worn on apparel or carried on or about or attached to the person, valued at twenty cents per dozen pieces, one cent each and in addition thereto three-fifths of one cent per dozen for each one cent the value exceeds twenty cents per dozen; all stampings and materials of metal (except iron or steel), or of metal set with glass or paste, finished or partly finished, suitable for use in the manufacture of any of the foregoing articles (except chain valued at less than thirty cents per yard other than nickel or nickel-plated chain), valued at seventy-two cents per gross, three cents per dozen pieces and in addition thereto one-half of one cent per gross for each one cent the value exceeds seventy-two cents per gross; rope, curb, cable, and other fancy patterns of chain, without bar, swivel, snap, or ring, composed of rolled gold plate or of silver, German silver, white metal, or brass, not exceeding one-half of one inch in diameter, breadth or thickness, valued at thirty cents per yard, six cents per foot, and in addition thereto three-fifths of one cent per yard for each one cent the value exceeds thirty cents per yard; finished or unfinished bags, purses, and other articles, or parts thereof, made in chief value of metal mesh composed of silver, German silver, or white metal, valued at two dollars per dozen pieces, ten cents per piece and in addition thereto three-fifths of one cent per dozen pieces for each one cent the value exceeds two dollars per dozen; all of the foregoing, whether known as jewelry or otherwise and whether or not denominatively or otherwise provided for in any other paragraph of this Act, twenty-five per centum ad valorem in addition to the specific rate or rates of duty herein provided; all articles commonly or commercially known as jewelry, or parts thereof, finished or unfinished, including chain, mesh, and mesh bags and purses composed of gold or platinum, whether set or not set with diamonds, pearls, cameos, coral, or other precious or semiprecious stones, or imitations thereof, sixty per centum ad valorem.

It will be apparent after some study that this paragraph separates itself into various divisions, each seemingly carrying different specific rates of duty based upon different standards of value, but it will not be apparent without a great deal of study what these rates of duty mean—translated into plain English. They are variously phrased. Thus, for example, the value provision in the clause relating to chains, pins, collar, cuff, dress buttons, and the like reads: "Valued at twenty cents per dozen pieces, one cent each, and in addition thereto three-fifths of one cent per dozen for each one cent the value exceeds twenty cents per dozen." The value provision for rope, curb, cable, and other fancy patterns of chain, etc., reads:

"Valued at thirty cents per yard, six cents per foot, and in addition thereto three-fifths of one cent per yard for each one cent the value exceeds thirty cents per yard."

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The clause covering metal mesh bags and purses composed of silver, German silver, and white metal is in this language:

"Valued at two dollars per dozen pieces ten cents per piece, and in addition thereto three-fifths of one cent per dozen pieces for each one cent the value exceeds two dollars per dozen."

In point of fact, all this language which we have quoted can be converted into terms of a very simple common denominator. It means that specific rates in every instance equivalent to 60 per cent ad valorem are here provided for. But instead of saying 60 per cent ad valorem this method of circumlocution has been resorted to. For this statement we have the high authority of a court decision. We would refer to this language in *Ascher v. United States* (3d Ct. of Cust. Appls., Treasury Decision 32622):

"The specific rates of duty imposed by section 448 curiously enough in every case figure out 60 per cent ad valorem, and if the injunction of the paragraph is literally followed that rate must attach to the goods described in every case no matter what their value may be. Assuming that it was the true intent of paragraph 448 to assess the duties therein prescribed on the basis of actual market value, Congress, by imposing the several specific rates contained in the paragraph, certainly did indulge in considerable circumlocution to accomplish a purpose which might have been just as well achieved by subjecting the merchandise to a flat rate of 85 per cent ad valorem instead of the compound rate which it elected to impose."

The reference to the 85 per cent rate will be understood when it is seen that in addition to the specific rates provided for in the paragraph which, as just stated, amount to an ad valorem equivalent of 60 per cent, there is an additional cumulative duty of 25 per cent ad valorem upon "all the foregoing." In point of practice no customs classifying official ever takes the trouble to make the very elaborate calculations the paragraph would seem to call for. As soon as he satisfies himself that these different clauses apply he marks the invoice a flat "85 per cent ad valorem" and lets it go at that.

We submit that this paragraph is the perfect flower of the system of carrying concealed compound rates and should receive radical revision at the hands of this committee.

There is something else in this paragraph which needs revision. The concluding clause of it, it will be seen, carries a flat 60 per cent ad valorem duty upon "all articles commonly or commercially known as jewelry." This means that jewelry composed of precious metals and set with precious stones, such as a diamond or pearl necklace, would pay a duty of 60 per cent. This provision has also been construed to embrace certain articles of jewelry composed of base metals and set with imitation stones. In view of the language in the first part of the paragraph, however, carrying a rate which amounts to 85 per cent, we have this incongruity: Expensive genuine jewelry takes a duty of 60 per cent, whereas certain articles of personal adornment, such as hatpins and chains, belt buckles and the like (which are akin to jewelry and as close to it as many women who work for their living or who are in slender circumstances ever get) pay a duty of 85 per cent. We ask that this discrimination be wiped out.

It will not do to assert, as has been claimed, that this class of articles, broadly speaking, are luxuries. Hatpins, chains, collar, cuff, and dress buttons, combs, belt buckles, and other articles have come to be articles of actual necessity with a large class of our population. The annual consumption is enormous.

The subjoined table shows the value of merchandise entered for consumption under paragraph 448, according to the various subdivisions for the years ending June 30, 1911 and 1912.

Articles.	Value.	
	1912	1911
Chains, pins, collar, cuff, and dress buttons, charms, combs, millinery and military ornaments, etc.	\$510,266.63	\$786,859.51
Stampings and materials of metal (except iron or steel), or of metal set with glass or paste, finished or partly finished, suitable, etc.	5,240.87	12,550.98
Chain, rope, curb, cable, and other fancy patterns of, etc.	44,747.46	111,128.77
Bags, purses, and other articles or parts of, finished or unfinished, made in chief value of metal mesh, etc.	155,888.04	263,359.06
All articles commonly or commercially known as jewelry, or parts of, finished or unfinished, including chain, mesh, and mesh bags, and purses composed of gold or platinum, etc.	418,311.23	692,069.61

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It has been alledged that importations have increased under the present act, but this is misleading. As will be seen from the above table, there was a distinct falling off for the last year as compared with the previous. It is true that the year 1910 showed some apparent improvement. This is due to two causes; there was a slump in the importations directly after the act went into effect in August, 1909, by reason of the artificial stimulus to importations during the last months of the Dingley law in expectation of the increased duty. Furthermore, the season's styles for 1910 were largely imitation jet goods which are not manufactured to any great extent in this country. In comparison between the volume of imports under this act, and those under the Dingley Act serve little purpose. By reason of court decisions, as explained by Mr. Washburn, many goods now classified under paragraph 448 were classified under the old law as "jewelry" but according to their component material of chief value.

On the other hand, our total exports of jewelry of all kinds for the last five years have been as follows: 1907, \$1,287,111; 1908, \$988,056; 1909, \$882,738; 1910, \$1,053,530; 1911, \$1,302,502. During the same period we have exported to Canada alone jewelry of the following values: 1907, \$836,852; 1908, \$577,954; 1909, \$576,823; 1910, \$670,070; 1911, \$840,115. It is well known in the trade that the bulk of the exports to Canada consist of cheap imitation or "near" jewelry so that the exports of this article alone compare very favorably with the annual volume of imports of the same character. Compared with the total consumption of imitation or "near" jewelry in this country the volume of importation is petty and insignificant. Approximately nine-tenths of the goods of this character are sold to the department stores and we know whereof we speak when we say that not over 10 per cent of the "near" jewelry carried in this way is imported. Grouping the articles provided for in paragraph 448 in one class, and taking the country as a whole we are well within the bounds of moderation when we state that the domestic production is at least 25 times as great as the volume of foreign importations.

Moreover, the domestic manufacturer enjoys a natural advantage. For many years past under much lower rates of duty he has been able to underbid and undersell us once he can copy and reproduce a given design. Our trade is precarious in character and is strictly circumscribed by our ability to offer new and novel designs from abroad which for a short space of time encounter no competition. As soon as our domestic competitors can reproduce them we are obliged to abandon the field. Indeed a certain advantage flows to the domestic manufacturer in having the import trade reasonably prosperous rather than throttled, because in this way he gets suggestions from the imported designs which he could get in no other way. These designs must be purchased in quantities, and if the imported goods were practically denied the American market altogether samples would not find their way into it. We speak advisedly here because many of our number while engaged, it is true, in the importing trade make and handle domestic jewelry in substantial quantities.

As to certain novelty articles, such as coin holders, it may well be doubted whether such utilitarian articles find proper lodgment under such a paragraph as we are here considering. In any event, we are able to buy in the American market coin holders at about \$7.50 per gross, the same quality of which costs us in the foreign market 36 marks or \$9 per gross.

As to the new law we will suggest first of all the abolition of the compound rates and the substitution of a flat ad valorem. Under the McKinley law of 1890 the jewelry provision carried a 50 per cent ad valorem duty; under the Wilson Act of 1894 the rate of 35 per cent ad valorem; under the Dingley law of 1897 the rate was 60 per cent ad valorem. Under all these laws it can not be denied that our competitors flourished and enjoyed the full measure of prosperity. Speaking for dealers who handle from 85 to 90 per cent of the goods of this character imported into this country we assert that the present rate is unconscionable. We ask for a reduction to 45 per cent ad valorem which would restore the competitive conditions that do not exist to-day.

Respectfully submitted.

S. H. GANZ,
For the Committee of Jewelry and Novelty Importers.

PARAGRAPH 448—JEWELRY.

STATEMENT OF B. A. LEVETT, NEW YORK, N. Y.

Mr. LEVETT. May it please the committee, I appear on behalf of the New England Manufacturing Jewelers and Silversmiths' Association in connection with paragraph 448, which is known as the jewelry paragraph, although it was designed and intended to cover a great many kindred articles.

As the name indicates, the association includes members who are manufacturers of jewelry and also of silverware.

But I want to point out before going any further that the silver articles with which the members of this association are concerned are not what are known as tableware or flat ware, where the labor is very small as compared to the value of the material in the article. For instance, take a silver tablespoon, which might cost \$24 a dozen wholesale. The labor in making that article would be probably not over \$1, but the silver in it would run into the neighborhood of \$17. This, perhaps, might be an extreme case, but we feel safe in saying that the average cost of labor in tableware would not exceed 20 per cent of the total cost, and we think that even that is high.

On the other hand, the class of articles we are concerned in are known principally as novelties.

Here is what is known as a coin holder [exhibiting article]. It is made of silver, and is designed to be hung on a lady's chatelaine chain. It is made also in German silver and plated. In that article the cost of material, if made in German silver, would be 67 cents. That is the figure of one of the manufacturers of this particular article. The total cost of the article, without any profit added at all, would be \$6.65. That, of course, is speaking by the dozen. So that there you find labor constitutes about 90 per cent of the cost of the article, without any profit added. If it is made in silver, the material would cost \$4.32, as against a total cost of \$10.26, in that case being about 40 per cent material, while the other 60 per cent would be labor. It is that class of articles with which we are chiefly concerned, where the labor is so high that in order to compete a high duty must be put upon it.

I want to call the attention of the committee also to the fact that all the articles with which we are concerned are luxuries and are revenue producers. I will point out a little later that even with the rate which was provided by paragraph 448, 85 per cent, the imports have increased and are increasing.

Before going into the question of the rate, I would like to call the attention of the committee to the paragraph itself. When that paragraph was drawn up, while it was known as the jewelry paragraph, it was intended to include besides jewelry and other articles purely of adornment the line of articles known as novelties made of silver or base metals. It was the purpose of this paragraph to provide a higher rate on articles of this sort than upon jewelry made of gold and platinum. The reason for the higher rate is obvious, for a moment's reflection will show that while the value of gold and platinum jewelry is in the material, the labor being incidental, on the other hand, in base-metal jewelry and novelties, the labor is far in excess of the material, frequently to the extent of 85 per cent to 90 per cent of the total cost of production.

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I think I need not expatiate on that point because it is clear that where you take an article of German silver, in which the metal constitutes only 10 per cent of the cost, it needs a higher duty than the same article made of gold or platinum where the chief value of the article is in the material and not in the labor.

If the committee will look at paragraph 448, which is a very long and complicated paragraph, you will find a great many provisions in there, and the reason for the excess of language is undoubtedly due to the fact that under all of the previous tariff acts a tremendous number of cases arose as to what was or what was not jewelry. It may surprise the committee to know that the article I am showing you [exhibiting a gold-plated vanity case] has been held by the Board of General Appraisers to be dutiable as a manufacture of metal, and not jewelry, and that it goes into the same paragraph with manufactures of iron and steel.

It may surprise the committee also to know that this article [exhibiting a small spherical silver coin holder] is not jewelry, but pays a duty only as manufactures of metal.

Here is a little powder tube. When you press the top the powder squirts out. It is not classed as jewelry. It is a manufacture of metal not covered by paragraph 448.

Here is another little article, a powder case, which has a miniature powder puff inside of it and a mirror. This is not jewelry.

Mr. PALMER. Under what paragraph does that come in now?

Mr. LEVETT. Paragraph 199, as a manufacture of metal not specially provided for, and under the proposed bill, which was introduced at the last session, it will pay a duty of 25 per cent. That is true also of this article [exhibiting article] in which if made of German silver, as I have pointed out, the labor cost would constitute 90 per cent.

Mr. PALMER. Have you suggested the language for a paragraph that would put it back in the sundries schedule, and under the jewelry clause?

Mr. LEVETT. I have prepared a paragraph that I would like to submit. I would also like to submit a brief.

In connection with jewelry decisions which have come up I would like to call the attention of the committee to the Notes on Tariff Revision, which were used by the Committee on Ways and Means during the last tariff discussion. I will briefly refer to some of the decisions:

The following articles were held not to be dutiable as jewelry: Chain purses, imitation and precious metal; chain purses, silver; children's finger rings; combs, celluloid and jet; combs, flimsy metal ornamentation; gun-metal pencils and purses; metal coin holders; metal portemonnaies; miniatures, frames for, set with precious stones; necklaces, value less than 11 marks per gross; shells, Tasmanian, strung on cords; steel-point ornaments; umbrella handles set with imitation precious stones; umbrella handles set with precious stones; watch charms, miniature opera classes, watch charms, miniature penknives; watch guards, leather and polished steel.

The following articles were held dutiable as parts of jewelry; Chatelaines drilled for setting; clasps and slides for necklaces; parts

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of watch fobs, nickel; swivels and hooks, white metal; swivels, white metal.

The following articles were held not to be dutiable as parts of jewelry: Keystones, agate or onyx; pearls, imitation, matched and strung; rope chain; swivel clasps, brass; swivels, amber; swivels, rough brass; theatrical jewels set in metal.

I will not read any more. They are all cases prior to the present tariff act and there are probably as many under this act.

Mr. PALMER. Are you asking us to correct this by writing a new paragraph?

Mr. LEVETT. Yes, sir.

Mr. PALMER. You are not asking us to raise the duties on jewelry in that paragraph?

Mr. LEVETT. No, not to raise the rate at all.

Mr. PALMER. You would have us leave them as they are now, from 60 per cent to 85 per cent, but you want these articles which, by Treasury decisions, have come in at 45 per cent, under the metal schedule, to come in where you contend they were originally intended to come?

Mr. LEVETT. That it is; that is it exactly. I might also read from the statement contained in that publication.

There has been a tremendous volume of litigation under this paragraph with the net result decidedly against the Government. The cases afford another illustration of the success of importers in employing the doctrine of commercial designation entirely to promote their financial interests, although such action involved proving the exact opposite of the claims they may have set up under earlier acts.

For example, in the tariff act of 1883 and earlier statutes, jewelry was made dutiable at 25 per cent, while manufactures of metal, glass, etc., paid higher rates, and under these statutes the importers proved that imitation jet ornaments made of black glass; steel brooches, brass earrings, gilt chains, gilt eardrops, and bracelets and ornaments of horn, shell, ivory, etc.; theatrical ornaments made of metal, set with imitation precious stones; hair daggers, hatpins, buckles, dress buckles, dress pins, head bands, etc., made of cut steel, of steel and brass and mother-of-pearl; theatrical crowns, made of velvet with metal and glass ornaments; butterflies on wire, in imitation of precious metal; buckles of base metal, mounted with black glass, other glass and mother-of-pearl, were all properly classifiable as jewelry and heavy refunds of duty were made by the Government accordingly.

Yet, under the present law, when these same articles were assessed for duty as jewelry, the importers strenuously objected and carried their objections to court, with a large measure of success, as the decisions cited above, as well as those discussed on pages 236 and 237 of this book amply show.

At the time that the subject was under discussion before the Ways and Means Committee in 1909 the difficulty of providing for these novelties by descriptive language was fully recognized. In their brief before the Ways and Means Committee the association suggested a paragraph reading as follows:

Articles commercially or commonly known as jewelry and parts thereof, including small articles of silverware commonly or commercially known as silver novelties and toilet articles, finished or unfinished, 85 per cent ad valorem, and the term jewelry, as used in this act, shall be held to include all articles made of gold, of whatever karat or fineness; silver, of whatever alloy or fineness; or platinum or any base metals, or any articles of which these metals or either of them form a component part, whether of chief value or otherwise.

All articles commercially or commonly known as millinery and military ornaments and composed wholly or in part of either a precious or base metal; hat pins, of whatever material composed, and all other articles not specially provided for in this act, composed wholly or in part of either of the precious or base metals, designed or adapted for use as ornaments for the person or carried in the hand for purpose of adornment or utility, 85 per cent ad valorem.

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It should be noted that a straight ad valorem duty of 85 per cent was asked for. This language was found to be so comprehensive as to include articles not intended to be covered thereby. The author of Notes on Tariff Revision then suggested as an amendment to the paragraph as it appeared in the Dingley Act the following language:

Articles not specially provided for used to be worn upon the person or carried in the hand for purpose of adornment or utility made in part of metal, including chain purses and bags of gold or silver wire or imitation thereof, portemonnaies with watch charms and guards.

Careful consideration of this provision seemed to indicate that as drawn it was also so comprehensive as to include many articles not intended to be therein provided. For example, the provision "for articles used to be worn upon the person or carried in the hand for purpose of adornment or utility," was seen to be so broad as to include everything of metal used upon the person or carried in the hand even where its sole use was utilitarian unless it was somewhere specially provided for in another paragraph. It is obvious that under this provision as first drawn such an article even as a pair of roller skates would be included and the following articles might be mentioned as coming within the provision and dutiable thereunder unless more specially provided for, the only limitation being that they must be "in part of metal"—dress-suit cases, umbrellas, walking sticks, eyeglasses, keys, etc.

It should be noted that the provision did not relate only to those which were for ornamentation, nor was it limited to those which were designed for the purposes mentioned. It covered every article which was used upon the person or carried in the hand.

It thus came about that an effort was made to have this paragraph as passed by the House changed, and we find the domestic manufacturers and certain importers getting together in an effort to agree not only upon the form of the new paragraph but also the rate to be recommended. The result of their agreement appears in Volume 8 (Appendix) of the Tariff Hearings at page 8376, where we find Mr. Thresher submitting a letter dated February 23, 1909, to the Committee on Ways and Means, in which he uses the following language:

In presenting this schedule for your consideration, we desire to state that George R. Howe, representing the manufacturers of gold jewelry; H. G. Thresher, representing the makers of cheap jewelry; and Alfred Krower, of Albert Lorsch & Co., representative importers of precious and imitation stones, chains and jewelers' findings, have labored diligently to harmonize their differences and so successfully that they all unite in supporting the paragraph we now propose.

On pages 8378 and 8379 the proposed paragraph is set out at length and is couched in the exact language of the present law with 85 per cent, the rate asked originally by the association.

It should be noted that the House bill was not introduced until March 18, 1909, and the agreement and the paragraph had already been printed in the report of the Ways and Means Committee, but it is probably the fact that the presentation of this paragraph came too late to be considered by the House.

A brief reference to two or three of the most important decisions under this act will show you how these articles have been cut out of paragraph 448, and the paragraph as it stands shorn of perhaps 90 per cent of its force.

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I would like to call your particular attention to the provision in this paragraph for "all other articles of every description, finished or partly finished, if set with imitation precious stones composed of glass or paste, except imitation jet, or composed wholly or in chief value of silver, German silver, white metal, brass, or gun metal, whether or not enameled, washed, covered, plated, or alloyed with gold, silver, or nickel and designed to be worn on apparel or carried on or about or attached to the person valued at 20 cents per dozen pieces."

Then it goes on to give the rates and concludes with "all the foregoing, whether known as jewelry or otherwise, and whether denominatively or otherwise provided for in any other paragraph of this act."

This was undoubtedly intended to cover these articles [indicating articles].

As construed by the classifying officers, the silver and base metal novelties and jewelry were assessed under this provision, but in a decision by the Board of General Appraisers dated April 14, 1910, T. D. 30545, it was held that only articles ejusdem generis with those enumerated by name in the first line of the paragraph, to wit, chains, collar and cuff buttons, etc., were covered by this provision. The Treasury Department refused to appeal from this decision and later issued instructions in T. D. 30785 that only such articles as were not utilitarian, even though ornamental in character, should be classified for duty under this paragraph; and by "utilitarian" the department made it plain that such articles as powder cases, carrying a miniature powder puff, were utilitarian. Following these instructions nothing which is not entirely ornamental, or, in other words, jewelry, has since been assessed under this provision.

But in May of last year the Customs Court ruled that nothing could come within the provision for "All other articles of every description whether known as jewelry or otherwise," if it fell within the class of jewelry, holding all jewelry to come within the last clause of the paragraph, providing for gold and platinum jewelry. The result of this last decision, coupled with the unappealed decision of the Board of General Appraisers, holding that nothing could come within this term which is utilitarian, has been to deprive the provision of every particle of its force, for the department holds that nothing can come within it unless it is purely ornamental and hence jewelry, while the court has held that only such articles as are not jewelry are dutiable thereunder.

I will say that we have been trying for some time to get the Treasury Department to appeal from the decision of the board holding that nothing that was in any degree utilitarian should come within this provision, but up to this time we have not been successful.

Moreover, there are now pending before the Board of General Appraisers cases involving even the question as to whether those articles enumerated in the first part—for instance, pins, collar and cuff buttons, etc., conceded to be jewelry—are dutiable under this paragraph.

From the above it is apparent that, irrespective of the rate which the present Congress will decide, should be assessed upon articles

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intended to be covered by paragraph 448 of the present act, assuming only that it will be the intention to assess them at a higher rate than will be provided for manufactures of metal not specially provided for, this paragraph must be carefully redrawn. If it be the intention to have it cover only such articles as by construction now come within it, that purpose can be accomplished by eliminating from the paragraph the following clauses as surplusage:

1. * * * together with all articles of every description, finished or partly finished, if set with imitation precious stones, composed of glass or paste, except imitation jet, or composed wholly or in chief value of silver, German silver, white metal, brass, or gun metal, whether or not enameled, washed, covered, plated, or alloyed with gold, silver, or nickel, and designed to be worn on apparel, or carried on or about or attached to the person.

That can be cut out to-day. It is not effective. It has no effect whatever. I do not think there is a single article that comes within it.

2. Rope, curb, cable, and other fancy patterns of chain, without bar, swivel, snap, or ring, composed of rolled gold plate or of silver, German silver, white metal, or brass, not exceeding one-half inch in diameter, breadth, or thickness, valued at 30 cents per yard.

I wish the committee to note these words, "without bar, swivel, or ring," etc. The importers have taken a chain which would otherwise come in here, a long chain intended to be cut up and made into vest chains, and observing the provision where it says, "without bar, swivel, snap, or ring," they have inserted a ring at stated intervals in the chain. When the chain comes over here they cut it where that ring is, and they have a finished chain. Of course the chain as imported does not come within this provision, because it provides for chains without rings. It does not come in the first part which provides for chains, because the article as imported is not a chain in the sense in which that is used, but chain. So that provision may be cut right out.

A third provision may also be cut out.

All the foregoing, whether known as jewelry or otherwise, and whether or not denominatively or otherwise provided for in any other paragraph of this act.

The court said that did not mean anything, and all the jewelry nevertheless went into another provision.

The CHAIRMAN. In which provision did the court put the jewelry?

Mr. LEVETT. In the last part.

The CHAIRMAN. "Articles commercially known as jewelry"?

Mr. LEVETT. "Composed of gold or platinum," I think are the following words.

The CHAIRMAN. In other words, they drop them into the 60 per cent rate?

Mr. LEVETT. Yes; into the 60 per cent rate.

In addition to the quoted clauses which might be entirely eliminated without changing the effect of the paragraph as at present construed, the clause "All stampings and materials of metal, except iron or steel, or of metal set with glass or paste, finished or partly finished, suitable for use in the manufacture of any of the foregoing articles" is shorn of the main part of its force, since under the present construction it can apply only to the specifically enumerated articles, and stampings suitable for use in the manufacture of silver novelties

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are relegated to paragraph 199, because under the constructions novelties and jewelry, except those specifically named, are not "any of the foregoing articles."

Furthermore, even as to some of the articles which are named, the question is now raised as to whether they fall within this provision, and pending before the Board of General Appraisers to-day are protests claiming that neck chains, known as lavalieres, are not chains, and therefore out of the *eo nomine* provision for chains. Other protests claim that brooches and chatelaine pins are not pins, and therefore out of the provision. Locketts are claimed not to be charms and therefore out of the provision.

The only other clause in this paragraph, aside from the last one, covering gold and platinum jewelry, is that for "finished or unfinished bags, purses, and other articles or parts thereof, made in chief value of metal mesh composed of silver, German silver, or white metal," and this has been evaded by the importation of metal mesh in strips, which, not being parts of bags in the condition imported, is allowed to come in as manufactures of metal.

In brief, every clause in this paragraph with the exception of the last one, which was intended to relate only to gold and platinum jewelry, has been torn to pieces and either wholly or in part rendered nugatory.

Unless, therefore, it be the wish of Congress to permit novelties and other luxuries intended to be covered by this paragraph to come in at the low rate provided for manufactures of steel, iron, lead, and other base metals, and unless it be its intent also to permit evasion of the provision for chains in lengths used as articles of jewelry, and unless it be further the intent to permit mesh practically ready to be made into bags to escape this duty, then it is manifest that words must be used which will express the intent to tax these articles in such language that it can not be misconstrued.

To do this is no easy task, and it is obvious that in the reconstruction the last clause providing for gold and platinum jewelry must also be recast, since it is so interwoven with the first clause levying the higher duty. Naturally the task is rendered more difficult owing to the prodigality of words in the present paragraph, for under the well-known rules of construction the omission in a new paragraph of words which have been used in a corresponding paragraph may be taken to imply an intent to cut out the unnamed article from the new paragraph.

In submitting the following as a substitute paragraph for 448 of the present law I deem it proper to say that I have carefully studied the various decisions under the present act and also those under former acts and not only the words but the punctuations have been carefully considered.

The suggested paragraph is as follows:

Jewelry, commonly or commercially so known, valued above 20 cents per dozen pieces, rope, curb, cable and fancy patterns of chain not exceeding one-half inch in diameter, width or thickness, valued above 30 cents per yard, and articles valued above 20 cents per dozen pieces designed to be worn on apparel or carried on or about or attached to the person, such as and including buckles, card cases, chains, cigar cases, cigar cutters, cigar holders, cigarette cases, cigarette holders, coin holders, collar, cuff and dress buttons, combs, match boxes, mesh bags and purses, millinery,

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military and hair ornaments, pins, powder cases, stamp cases, vanity cases and like articles; all the foregoing and parts thereof, finished or partly finished, composed of metal other than gold or platinum, whether or not enameled, washed, covered or plated, including rolled gold plate, and whether or not set with precious or semi-precious stones, pearls, cameos, coral or amber, or with imitation precious stones, 85 per cent ad valorem. Stampings, mesh and other materials of metal, whether or not set with glass or paste, finished or partly finished, separate or in strips or sheets, suitable for use in the manufacture of any of the foregoing articles in this paragraph, 75 per cent ad valorem. Articles not specially provided for in this paragraph valued above 20 cents per dozen pieces and commonly or commercially known as jewelry (including mesh bags and purses, mesh and chain) and parts thereof, finished or unfinished, 60 per cent ad valorem.

In asking the committee to retain the present rates I desire to call attention first to the following language from the letter of Mr. Thresher to the Ways and Means Committee of the Sixtieth Congress, which appears on pages 8376 et seq. of volume 8 of the hearings:

We have been unavoidably delayed in presenting our proposed schedule by reason of conferences between manufacturers of jewelry of all descriptions doing business in Newark, Providence, Attleboro, and, indeed, in all of the principal cities throughout the United States on the one hand and leading importers on the other. In order to overcome, as far as possible, friction between such antagonistic forces, and also having in mind the intention of Congress to reduce tariff rates wherever a reduction will not be destructive of American industries, we have surrendered to our foreign competitors large lines of goods which, though made in small quantities in this country, now require from 150 to 300 per cent duty to afford adequate protection; a high rate we do not ask for nor would your committee allow. It will be observed that in the first bracket all articles costing less than 20 cents per dozen are permitted to come in at the rate applicable to the manufacturers of metal or glass. This concession is made notwithstanding the fact that under decisions of the Board of General Appraisers and the courts, brooches, bracelets, pins, and many other articles of personal adornment, valued at not more than 5 to 8 marks per gross, the equivalent of 10 to 15 cents per dozen, are at present assessed for duty at 60 per cent ad valorem.

Inasmuch as the great bulk of such goods cost between 10 and 20 cents per dozen, the reduction will, in our opinion, more than offset the increased duty we are asking for similar articles costing 20 cents and over per dozen. Indisputably the result will be a reduction in duty on all goods where the advance is not more than warranted by the difference between the home and foreign labor cost. The same argument applies equally to the goods included in the other brackets; for instance, stampings and materials used in the fabrication of cheap jewelry are imported solely to evade the present duty on jewelry. Fully 90 per cent of the labor necessary to make jewelry has been expended on these materials abroad; nevertheless, they are legally entitled to entry as manufactures of metal, to the serious detriment of domestic producers. This defect in existing law has been cured while at the same time materials not intended to be made into jewelry can still be imported as manufactures of metal.

Regarding chains suitable for jewelry purposes, domestic manufacturers have conceded everything but rope and fancy chains of high cost to their foreign competitors. In our opinion fully 85 per cent of all chains will be subject to duty as manufactures of metal, a classification which precludes them from being made in this country; nevertheless, if the high-grade chain can be produced here with even a trifling profit, we will be content.

Gold jewelry retains the present duty of 60 per cent, a rate that can not be lessened without serious detriment to the business, wages paid abroad being less than half the amount paid in this country. A reduction of even 5 per cent would in many cases rob domestic manufacturers of the little profit they are now making.

It will thus be seen that certain importers themselves recognized the justice and approved of the apparently high rate of 85 per cent. I have used the word "apparently" because as a matter of fact the term "high" is relative and in truth is far less protective than many rates seemingly lower. The hearings before this committee have made it manifest that a rate even as low as 10 per cent can be prohibitive and productive of no revenue to the Government. When

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it is considered that our comparatively small industry permits of a revenue to the Government of approximately one and a quarter millions of dollars annually through importations, it will be seen that the rate of 85 per cent is only seemingly high, and as a protective measure falls far short.

A glance at the statistics of imports issued by the Department of Commerce and Labor will show that the imports of 1911 were considerably more than those of 1910, even under the 85 per cent rate. As to the 1910 imports, I direct attention to the Daily Consular and Trade Reports of February 7, 1912, which show importations for 1910, the first year of the Payne tariff, of \$1,576,023, as against \$816,001 in 1909. As showing how they have increased in one small district, I also direct attention to the Daily Reports of July 18, 1911, page 264, showing exports to the United States of jewelry from Wurttemberg of \$779 in 1909 and \$71,045 in 1910. The imports of 1912 can not be considered as a guide as to this point, owing to the fact that by this time the 85 per cent rate had been upset by judicial interpretation, so that a very large portion of the goods came in, as they are now coming in, at 45 per cent, as manufactures of metal, and this is true to a large part of 1911. In order to understand the competition to which the domestic manufacturers of these articles are subjected it must be borne in mind that the amount of imports as given in the tables represents the foreign wholesale value, and any comparison with the products of this country made with these figures as a basis is obviously altogether misleading.

According to the statistics obtained by the Philadelphia Commercial Museum through the Treasury Department, the total value of jewelry imports during the year 1910 amounted to \$1,576,023, and in 1911 to \$1,874,309. The chief countries for the manufacture of base-metal jewelry are Austria-Hungary, Germany, and France, and, eliminating Italy and Japan, which also make and export to this country some of this product, we find that these three countries together exported to this country in 1910, \$1,413,761, and in 1911, \$1,622,247. Now, according to the census of 1909, the value of the products of the jewelry manufacturers in Massachusetts and Rhode Island, where the great bulk of this class of merchandise is made, amounted to \$35,796,000. But as the value of the imports as given represents the foreign value, while the value stated for the American product represents the price at which they are sold by the factory in America, it follows that to properly arrive at the value of the foreign product for purposes of comparison the duty must be added.

In other words, to compare the value of the imported article in America with the domestic article ready to be sold to the same dealers, we must take the American value of both, which would mean that the value of the imports is \$3,001,157. Moreover, there is some question as to whether the figures given by the Bureau of Commerce and Labor are not misleading, due undoubtedly to the fact that they are necessarily not detailed. For instance, the Statistical Bureau at Washington reports the total importations from Austria-Hungary for 1910 as \$504,680, while Consul William J. Pike, of the consular district of Reichenberg, reports in the same year exports to the United States from that district alone of \$679,641,

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the exports reported for one district being in this case 34 per cent in excess of the exports given in the Government's statistics.

Secondly, it must be borne in mind that the value of the American product is arrived at by adding up the value of the product of each factory engaged in the manufacture of jewelry or its parts. It can be readily understood that the same article of jewelry might be, and in fact is, the product of two and frequently three or sometimes four or five different factories, for it is seldom, if ever, that an article of jewelry is manufactured as to all its stages entirely by one house. One house will produce stampings; another will buy these and make them up into finished jewelry; a third house will do the enameling; another the plating; another the engraving. Each of these houses includes as part of its product the value of the operation performed by it, while the finishing house will count in these operations a second time in its report as to the value of its product.

Indeed, many of the finished products reported as American are composed largely of imported findings, such as imitation and semi-precious stones, metal mesh, metal ornaments, etc., which come into this country cheaper than they can be made here. It follows that while the combined product of the jewelry industry in New England, as compiled by the Department of Commerce and Labor, might amount apparently to \$35,000,000, as a matter of fact in order to compare it with the imported product the value of the product should be taken only from those houses which complete it, less the imported articles and less their profit. On this basis the value of the American product would probably not exceed 50 per cent of the figure given by the census of 1909.

Thirdly, it should be borne in mind also that in the statistics in the census of 1909 are included many articles which under the tariff classification would be included in manufactures of metal. Unquestionably novelties are included in the census reports under the heading of "Jewelry" if they are the product of the jewelry houses, while in the import statistics they would, obviously, fall under manufactures of metal. It is probably a safe estimate to say that of the class of jewelry we are discussing fully 25 per cent is imported.

In a brief submitted by the association which I represent to the Committee on Ways and Means of the Sixtieth Congress the question of the difference in labor cost between the Providence district and Europe was elaborately discussed, and as the relative conditions existing in 1909 and to-day are unchanged, we ask the committee's careful consideration of this brief, which appears in volume 6 of the hearings before the Ways and Means Committee, on pages 6756 and 6757, and which I now submit as part of my statement.

While it has been impossible in the short time at our disposal to duplicate the exhibits referred to in that brief, they are adequately described and forcibly illustrate the vast difference in the labor cost of the foreign and domestic products.

I beg to refer particularly to the following exhibits—the reference to the duty is of course that under the act of 1897:

Exhibit A, No. 6, a rolled-gold chain imported from Germany and sold here including 45 per cent duty for \$3.40 per dozen. A similar chain made here cost at the factory, without profit added \$7.28 per dozen.

Exhibit B, consisting of two rolled-gold plated vest chains, also made in Pforzheim, Germany, which were sold by the wholesale dealer in this country for \$1.83 and \$1.70,

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respectively. These goods can not be manufactured in this country and sold to the jobber for less than \$3 each.

Exhibit E, No. 1, an imported chain laid down in this country at 21 cents per foot. No. 2, a similar chain costing 23 cents per foot for labor alone, and in all 43 cents without profit.

Exhibit I, No. 1, imported findings averaging \$25.10 per gross with 45 per cent duty paid. Domestic cost, \$33.

Exhibit I, No. 2, imported brooches from Gablonz, laid down in this country at an average cost of \$10.18 per gross, duty paid at 60 per cent. Same articles made here cost \$20.50 per gross to produce.

Exhibit I, No. 3, imported brooches, laid down in this country at an average cost of \$12.81 per gross, comparable with No. 4, consisting of five domestic brooches made from imported findings. The average factory cost is \$29.66 per gross.

Exhibit I, No. 5, consisting of five imported brooches, laid down in this country at an average cost of \$24.14 per gross, comparable with Exhibit I, No. 6, consisting of five domestic brooches made from imported findings at an average cost to manufacture of \$40.80 per gross.

Exhibit P, consisting of two samples of imported and two samples of domestic rope chain of corresponding sizes. No. 500, imported, cost complete laid down in this country, 38 cents per foot. This same chain made by Chapin & Hollister Co., Providence, R. I. (see Exhibit P, marked "No. 500 domestic"), cost 50 cents per foot. Labor alone on this chain is 42 cents per foot. Labor alone on this chain in Pforzheim is 16 cents per foot. Differential, in labor alone, 26 cents per foot. No. 74, imported, cost complete laid down in this country, 42 cents per foot. The same chain made by Chapin & Hollister Co. (see Exhibit P, marked "No. 74, domestic"), cost 60 cents per foot. Labor alone on this chain is 47 cents per foot. Labor on same chain in Pforzheim is 18½ cents per foot. Differential, on labor alone, 28½ cents per foot.

Exhibit W, consisting of a mesh bag. It was a sterling-silver mesh bag, nine hundred and thirty-five one thousandths fine, purchased from Robert Friedrich, Pforzheim, Germany, whose bill and invoice was annexed to the statement. It was imported under the metal clause and paid 45 per cent duty. This mesh bag was composed of 13,804 links. It represented, therefore, the winding up or making of 13,804 links, the linking together of 13,804 links, and the soldering of 13,804 links. This mesh, with its large amount of hand labor, the sterling silver, and manufacturer's profit, was laid down in New York, including 45 per cent duty, the United States broker's fee, 5 per cent commissions, postage and cost of insurance, and draft on Germany, for \$8.53. The same bag made at North Attleboro, Mass., fully itemized, as per statement annexed to the brief, cost \$13.98, without any factory expense added and without any profit, making a difference of \$5.45 in favor of the imported bag. The manufacturer's selling price of this sterling silver mesh bag in Pforzheim was \$5.59. The percentage of duty which would be necessary to make the imported bag equal to the factory cost of the one manufactured in America, without any profit, would be 141 per cent. Attached to the statement were the exporter's invoice and duplicate consular invoice and United States broker's receipt and manufacturer's figures.

The base metal jewelry industry is peculiar in that it is chiefly the character of the workmanship which sells the article. For this reason no trust exists and it would be impossible, even if it were so desired, to form one for the purpose of regulating prices or to enter into any agreement in regard to prices, since each factory manufactures its own peculiar type of articles, depending upon their design to sell them. That the industry is individually a small one is shown by the figures of the 1909 census, which show that in Massachusetts there are 175 establishments, employing on an average of 42 employees, the average capitalization per factory being \$78,891. In Rhode Island there are 296 establishments with an average number of wage earners of 32, the average capitalization per factory being \$57,601.

The increased importations under the present rate of duty prove that that rate is not prohibitive. Unquestionably a reduction of the rate would result in increased importations, but a moment's reflection will show that any increased revenue therefrom would be at the expense of the American workman. To show how dependent our indus-

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try is upon the tariff, I append hereto a number of answers, marked "Exhibit A," received from manufacturers to whom questions are addressed as to the state of their business under the four last tariffs. These documents speak for themselves, showing how vital to the American workmen is an adequate duty. I also beg to attach as Exhibit B tables showing the relative scale of wages here and abroad on this class of merchandise. The foreign tables are from consular reports and the home figures are those actually paid in Providence and the Attleboros. I attach also as Exhibit C extracts from the report of Henry Studnicska, commercial agent of the Department of Commerce and Labor, Special Agents' Series, No. 42, published in 1910.

It is hardly to be believed that the cheapening of the product by lower duties would result in any considerable increased demand, but even if this were so, it is certain that that increased demand would be supplied by the foreigner and not by the American workman, who can not compete with the low cost of labor abroad. It should be borne in mind that there are no exorbitant profits made by the manufacturers in this country, who, as the census report shows, are small manufacturers, and whose product is sold chiefly because they are able to make quick deliveries and produce quickly new styles. It is not believed that the policy of the present Congress is to increase the revenue by destroying established American industries, especially where the article concerned is a luxury.

The CHAIRMAN. Your time has expired.

Mr. LEVETT. I would like to file, if I may, the brief that was submitted to the Ways and Means Committee during the last session of Congress.

The CHAIRMAN. You may hand it to the stenographer and it will be printed in the record.

The brief above referred to is as follows:

STATEMENT FILED BY THE NEW ENGLAND MANUFACTURING JEWELERS AND SILVERSMITHS' ASSOCIATION, PROVIDENCE, R. I., RELATIVE TO JEWELRY.

PROVIDENCE, R. I., January 2, 1909.

HON. SERENO E. PAYNE,

Chairman of the Ways and Means Committee, Washington, D. C.

DEAR SIR: The jewelry and silverware industry, as represented by the New England Manufacturing Jewelers and Silversmiths' Association, was first started in this country in Providence about 1794, and to-day, in the city of Providence, which is noted as a manufacturing center, it stands third in importance. About the year 1800 the industry spread to Attleboro, North Attleboro, and small near-by towns. In the Attleboros the manufacturing of jewelry is practically the only industry. This section of the country is to-day, and has been for over a century, the headquarters for medium and low priced jewelry.

The association above referred to is chartered under the laws of the State of Rhode Island "for the purpose of engaging in the business of fostering, encouraging, and promoting closer social and business relations among its members, and to assist and cooperate with its members in any and all business matters wherein such assistance and cooperation may be beneficial or expedient." The association appointed a so-called "tariff committee," made up of manufacturing jewelers from Providence and the Attleboros, whether members of the association or not, representing all the different grades of goods manufactured, as well as the different locations in which the factories are situated, thus forming a committee that thoroughly represents the manufacturing jewelers of this locality.

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There are no millionaires in our business; neither have we any trade agreements to limit our output or to regulate our prices. The capital invested is estimated at \$28,500,000; the number of establishments is about 450; number of employees estimated at 19,000; wages paid annually, \$11,138,000, an average per employee of about \$586, and our annual sales are \$51,500,000. We estimate that within a radius of 15 miles there are upward of 60,000 people dependent upon this industry. With two exceptions, there are no large concerns, the average number of employees in each shop being about 42. The manufacturers situated in this congested district sell to the same customers, whether in Boston or in San Francisco. This makes the home competition exceedingly sharp. The result is that the price of our product is rarely, if ever, raised, but it is an everyday occurrence to have the prices reduced by this sharp home competition.

Our product, whether of precious or semiprecious metal, whether designed for purposes of utility or ornamentation, and regardless of its intrinsic value, depends largely for its patronage on the general good condition of the commercial interests of the country and on the cupidity of human nature; consequently keener competition obtains in the jewelry industry than in any other.

In fine, to produce this luxury we are keenly and constantly competing for ideas, methods, systems, and intelligent labor before we can enter the market, and in no other industry is the "survival of the fittest," and not "capital" so great a factor for success. Conservatively estimated, over 85 per cent of jewelry manufacturers to-day have, by slow and arduous labor, risen from the bench. Those who have failed in the attempt are more numerous than in other industries where "capital" is the predominant basis for success.

The constitution, by-laws, and membership annexed to this brief, coupled with the above contention, will at a glance demonstrate the fact that we have neither trust nor combination, but that each firm is sovereign in an endeavor to shape its own destiny. In addition to this list, and by virtue of authority given, our committee represents every firm in jewelry and allied trade in this section of New England.

Exhibit A consists of samples of chains, foreign and domestic.

No. 6 is a rolled-gold plated curb neck chain made in Pforzheim, Germany, and imported into this country in coils, hanks, or on reels, unfinished, as metal paying 45 per cent duty, then polished, colored, and trimmed in this country and sold by the German manufacturer's agent at \$3.40 per dozen.

No. 6282 is a similar chain made in the factory of A. H. Bliss Co., at North Attleboro, Mass., and cost at the factory \$7.28 per dozen; differential, \$3.88, less than one-half the cost of the domestic chain.

No. 12 is also an imported rolled-gold plated neck chain, costing laid down in this country \$4.30 per dozen.

No. 6906 is a domestic chain made in the factory of A. H. Bliss Co., of same quality, and costing at the factory \$5.12 per dozen.

The apparent difference between these two chains is 82 cents per dozen, but the imported chain has in it 780 more links per dozen, which calls for the additional labor of 780 solderings and linkings not in the domestic chain.

Exhibit B consists of two rolled-gold plated vest chains, also made in Pforzheim, Germany, numbered, respectively, 2534 and 2500, which were sold by the wholesale dealer in this country for \$1.83 and \$1.70, respectively. These goods can not be manufactured in this country and sold to the jobber for less than \$3 each; differential, \$1.17.

We desire to call the committee's attention particularly to the fact that while the prices of the American articles are the net cost without any profit, the prices of the imported articles include, besides the duty, profits to the manufacturer and wholesale dealer; and to the still further important fact that these chains were brought into this country unfinished, in coils, hanks, or reels, and under erroneous classification as metals, paragraph 193, at 45 per cent duty, instead of finished jewelry, paragraph 434.

Exhibit C consists of a card of imported German brass swivels, showing jobbers' prices sold in New York. This is marked "No. 1." Also a card of brass swivels manufactured by Robinson Bros., Plainville, Mass., showing the manufacturer's prices at the factory. This is marked "No. 6." Examination of prices placed on the cards beside each article shows that the cost of manufacture of the domestic article is double the selling price of the imported.

Exhibit E consists of samples of rolled-gold plate curbed block chain.

No. 1 is an imported chain; cost laid down in this country, 21 cents per foot.

No. 2 is a similar chain, made by Whiting & Davis Co., at Plainville, Mass., and cost 23 cents per foot for labor alone. The total factory cost of this chain is 43 cents per foot.

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The committee will please note that the cost per foot for labor alone on this chain in this country is 2 cents more than the cost of the complete chain imported, and that the total factory cost of this chain at the American factory is 22 cents per foot more the complete imported chain, and this without any profit to the manufacturer.

This example of the importations of chain in its unfinished state, in coils, hanks, or reels, as metal under paragraph 193, when it should be imported under paragraph 434, is similar to Exhibit A, but shows the cost of the chain alone and not the finished neck chain.

Exhibit G consists of six brooches from Gablonz, Austria, numbered, respectively, on the back with (1) the price in Austria in kronens, (2) the price laid down in this country, and (3) the manufacturer's number. The prices given in this exhibit are by the gross. Price for imported articles are laid down in New York; price for domestic articles are factory cost, no profit whatever being added.

No.	Imported.	Domestic.	Differential
7327.....	\$4.05	\$12.95	\$8.90
7335.....	6.30	10.30	4.00
7157.....	5.60	8.42	2.82
7505.....	11.90	17.15	5.25
7373.....	4.90	10.00	5.20
7407.....	6.30	11.63	5.33

Consider the amount of labor and material in brooch marked "X" on the front of the card.

There are in 1 gross brooches 144 joints, 144 catches, 144 pin stems, 144 bases, 3,312 settings, and 3,312 stones; total, 7,200 pieces.

In addition there is the labor of setting 3,312 stones in the same number of settings; also the 144 brooches must be colored or dipped. The finished article is sold (we suppose with a profit) by the manufacturers in Europe for \$3.60 per gross, or 2½ cents for each brooch. A duty of 325 per cent would square our factory cost.

Exhibit H, No. 1, consists of a card showing imported enameled metal buttons from France, brought into this country under paragraph 414 at a duty of 14 per cent ad valorem and a specific duty, making total duty of about 16 per cent.

Nos. 2 and 3 show similar buttons with the eyes cut off and the tops soldered to a stem for use as hat pins, thus made into jewelry; therefore, as unfinished jewelry they should come under paragraph 434 and pay duty as jewelry. The making of dress buttons used to be quite a feature of our business, but on account of the low duty above referred to and improper classification, we have lost this branch of the industry.

Exhibit I consists of one card of findings and one of brooches.

No. 1 is a card of imported findings, suitable and used for brooches, hat pins, buckles, millinery ornaments, etc., the average cost of which, laid down in this country, including 45 per cent duty and all other expenditures, is \$25.10 per gross. Domestic cost, \$33. Differential \$7.90.

Card No. 2 shows five imported brooches from Gablonz, which cost laid down in this country under paragraph 434 an average of \$10.18 per gross.

Mr. Max Duetz, of Providence, R. I., who makes similar goods, states that these brooches can not be produced in his factory for \$20.50 per gross. Differential, \$10.32.

Card No. 3 shows five imported brooches, laid down in this country at an average cost of \$12.81 per gross. Compare this card with card No. 4, which consists of five domestic brooches made from imported findings similar to card No. 3. The average factory cost is \$29.66 per gross. Differential, \$16.85.

Card No. 5 consists of five imported brooches, laid down in this country at an average cost of \$24.14 per gross. Compare this card with card No. 6, which consists of five domestic brooches made from imported findings at an average cost to manufacture of \$40.80 per gross. Differential, \$16.66.

Brooches on cards No. 3 and No. 5 pay 60 per cent duty, and yet similar brooches (see cards 4 and 6) made here of imported findings cost 90 per cent more than the imported ones are laid down in New York for.

Now, this wide difference is wholly a question of labor, as the base material (brass) costs practically the same in this country as in Gablonz. On this class of goods our workers receive from \$1.50 to \$2.50 per day. In Gablonz these goods are made in the homes. The families are large, composed of from 5 to 10 children. It is a very young child that can not do some part of the work. Consequently, mother, father, and

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the children make jewelry. They earn 25 to 30 cents per day. To make these findings requires skilled tool makers, which in this country are paid from \$3 to \$6 per day. In Gablonz they receive \$1 to \$1.50 per day. There are no child-labor laws to contend with; there is no limit to the hours of labor per day or per week; no expense for foreman, superintendent, bookkeeper, rent of factory, or depreciation of plant. The one room where the family lives answers the purpose of dining room and kitchen, parlor and bedroom, office and factory.

Our State laws limit the hours of labor per week; also prohibit the employment of children under 16 years of age, except under certain restrictions. Census for State of Rhode Island for 1905 shows total number of children under 16 years of age employed in the jewelry industry to be 141. With only 141 children employed, with the hours of labor restricted, how can we compete with Gablonz except by an increased duty? We ask protection for the American worker, and with a higher rate of duty and paragraph 434 amended so as to bring in under it all articles of jewelry, finished or unfinished, we can put hundreds of jewelers at work. Jewelry is a luxury and should provide revenue for the Government by paying a high duty.

Exhibit M consists of one knife, one pencil, one mirror, and comb set in leather case. These are called silver novelties, but we consider them jewelry, as they are made by our manufacturing jewelers. Knife in sterling silver laid down in this country costs 29 cents; factory cost of domestic article is 48 cents; differential, 19 cents. Pencil in sterling silver is laid down in New York for 21 cents; domestic article costs 30 cents; differential, 9 cents. Mirror and comb set, in leather case, comb with sterling silver mounting, laid down for 21 cents; domestic article, 33 cents; differential, 12 cents.

Webster defines jewelry as "jewels or trinkets in general." These and many similar trinkets, called by the trade "silver novelties," are made by jewelers in our jewelry factories, and should come in under paragraph 434 as jewelry, not as silver or silverware under paragraph 193.

Exhibit N consists of four imported rolled gold-plated neck chains.

No. 1. The importers' price is \$9.70 per dozen. The selling price of the A. A. Greene Co., of Providence, R. I., is \$18 per dozen. Differential, \$8.30.

No. 2. The importers' price for 18-inch chain is \$5.40 per dozen. A. A. Greene Co.'s price for 18-inch chain is \$9.90 per dozen. Differential, \$4.50.

No. 2 in 13 inch, the importer's price is \$4 per dozen, and A. A. Greene Co.'s price is \$7.20 per dozen. Differential, \$3.20.

No. 4. Importer's price is \$5 per dozen and A. A. Greene Co.'s price is \$9 per dozen. Differential, \$4.

The importer's prices are subject to 2½ per cent for cash. A. A. Greene Co.'s are less than 6 per cent for cash in 10 days.

In other chain exhibits the domestic prices quoted have been the manufacturer's cost price. In this exhibit we are obliged to quote the manufacturer's selling price of the domestic goods with the importer's selling price of the imported articles. As the importer and the domestic manufacturer both sell to the wholesale or jobbing jeweler, the above comparisons are fair.

Exhibit P.—This exhibit consists of two samples of imported and two samples of domestic rope chain of corresponding sizes.

No. 500, imported, cost complete laid down in this country, 38 cents per foot.

This same chain made by Chapin & Hollister Co., Providence, R. I. (see Exhibit P, marked "No. 500, domestic"), cost 50 cents per foot. Labor alone on this chain is 42 cents per foot. Labor alone on this chain in Pforzheim is 16 cents per foot. Differential, on labor alone, 26 cents per foot.

No. 74, imported, cost complete laid down in this country, 42 cents per foot.

The same chain made by Chapin & Hollister Co. (see Exhibit P, marked "No. 74, domestic"), cost 60 cents per foot. Labor alone on this chain is 47 cents per foot. Labor on same chain in Pforzheim is 18½ cents per foot. Differential, on labor alone, 28½ cents per foot.

Exhibit Q.—No. 1 consists of two cards of nickel fobs showing a large amount of hand work on the charms. These fobs were formerly made in this country and gave employment to a large number of workers, but, owing to the difference in the cost of labor, as referred to under Exhibit I, our manufacturers are obliged to give up this branch of their business.

No. 2 consists of a pad showing nickel vest chains put up as they are sold by the manufacturer, the Fontneau & Cook Co., of Attleboro, Mass. These were formerly sold for \$36 per gross, but by German competition they have been reduced to the present price of \$24 per gross, less 10 per cent cash in 10 days. This is below actual cost to manufacture in this country, but the German chains are imported and sold for

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less money. Consequently the American manufacturer must soon give up this branch of his business also.

The O. M. Draper Co., of North Attleboro, Mass., have made nickel chains similar to those submitted in this exhibit for nearly 50 years, and were at one time the largest manufacturers of this line of goods in this country, doing quite an export business, but they have been compelled to give up this line owing to German competition, as stated above. This staple branch of the jewelry business has been lost to the American manufacturer.

Exhibit T. No. 1 consists of an imported brooch, which cost laid down in this country 4 cents each.

No. 2 is a similar brooch manufactured in Providence, R. I., at a cost for labor alone of 11 cents each. Total finished brooch costs 20 cents; differential, 16 cents.

Exhibit W.—Consists of a mesh bag. It is a sterling-silver mesh bag, $\frac{925}{1000}$ fine, purchased from Robert Friederich, Pforzheim, Germany, whose bill and invoice is annexed to this statement. It was imported under the metal clause and paid 45 per cent duty. This mesh bag is composed of 13,804 links. It represents, therefore, the winding up or making of 13,804 links, the linking together of 13,804 links, and the soldering of 13,804 links. This mesh, with its large amount of hand labor, the sterling silver, and manufacturer's profit, is laid down in New York, including 45 per cent duty, the United States broker's fee, 5 per cent commissions, postage and cost of insurance, and draft on Germany, for \$8.53. The same bag made at North Attleboro, Mass., fully itemized, as per statement hereto annexed (see confidential Exhibit A), cost \$13.98, without any factory expense added and without any profit, making a difference of \$5.45 in favor of the imported bag. The manufacturer's selling price of this sterling-silver mesh bag in Pforzheim is \$5.59. The percentage of duty which would be necessary to make the imported bag equal the factory cost of the one manufactured in America without any profit would be 141 per cent.

We have attached to this statement the exporter's invoice and duplicate consular invoice and United States broker's receipt and manufacturer's figures, making comparison on the cost of this bag laid down in this country as compared with the same meshes of American manufacture, because it is a most conspicuous example of two factors that largely affect the jewelry industry of this country, namely, first, the erroneous classification where such an article as this sterling-silver mesh bag is brought in under paragraph 193 as metal, instead of paragraph 434 as unfinished jewelry; second, the wide difference in the cost of labor here and in Germany, as in the case of this bag, the item of American labor alone exceeds by more than 100 per cent the total cost of the imported bag laid down in New York. Help in this country capable of making soldered mesh bags earn from \$1.50 to \$2 per day. It requires several months to learn to solder well and quickly, and to-day our manufacturers are selling more mesh bags than ever, and employ only about one-tenth as many mesh-bag makers as formerly because they are compelled to use the imported mesh.

We show a finished bag from this same imported mesh with domestic frame and chain which is the product of our jewelry factories and which is considered by our manufacturers and dealers as jewelry, and should come in under paragraph 434. The large amount of labor required to solder this mesh containing 13,804 links is an important feature of the jewelry industry, and when the mesh is imported is a serious loss to our workers, as it throws hundreds of American help out of work.

In this connection we wish to state that the soldered mesh-bag industry is lost to our manufacturers on account of the imported article, and that hundreds of our mesh-bag workers are idle. To cite a single instance: Mr. Whiting, of Whiting & Davis Co., of Plainville, Mass., states that his firm formerly employed from 35 to 40 people soldering mesh bags in his factory, and now employs but 3, and those simply to take care of repairs, as they import mesh bags, including the silver, less than the labor alone costs in his own factory. This illustration applies to all our soldered mesh-bag makers, and unless you give us relief the soldered mesh-bag business will go where the nickel fob and vest chain have gone—to Germany.

Exhibit X consists of 3 German silver-plated mesh bags, marked No. 1, No. 2, and No. 3.

No. 1 and No. 3 are imported from Pforzheim, Germany. No. 2 is made at North Attleboro, Mass. No. 1 and No. 3 are called fine mesh. No. 2 is coarse mesh. These meshes are made by hand, each ring being handled separately. The finer the mesh the larger the number of rings used, consequently an increased amount of labor.

Foreign bag No. 1 costs, duty paid, fine mesh, \$3.45. Domestic bag No. 2 costs, fine mesh, \$4.57. Differential, \$1.12. Foreign bag No. 1 costs, duty paid, coarse mesh, \$2.70. Domestic bag No. 2 costs, coarse mesh, \$3.97. Differential, \$1.27.

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Foreign bag No. 3 costs, duty paid, \$5.51. Domestic bag No. 3 costs \$7.77. Differential, \$2.26.

Bag No. 3 has a hand-sawed, hand-engraved frame, and is a beautiful example of bag, with a large amount of hand labor in the frames. Practically 90 per cent of the cost of this bag is labor.

The lining in our bag No. 2 is not a feature of additional expense, but rather one of less expense, which enables us to use coarser links and cut down the labor of joining mesh to the frame. Please note that domestic bag No. 2, with 3,720 links, costs more than imported bag No. 1, with 6,312 links, which is accounted for by the difference in wages between the two countries.

The name of the firm manufacturing the above domestic bags will be found in confidential Exhibit B.

Exhibit Y consists of a small reel of imported rolled-gold-plated rope chain and a hank of rolled-gold-plated curb chain, showing the form in which they come to this country. They are brought in under paragraph 193 as metal, paying 45 per cent duty. When finished they are used only for jewelry. In fact, it is in its present condition nothing but unfinished jewelry, and should pay duty under paragraph 434. See Exhibit N for finished curb, rope, and cable chain similar to this exhibit. There is quite a variety of sizes of curb and rope chain like these samples; also cable chain (so called) imported in this condition and polished and trimmed in this country as neck chain, guard chain, etc.

Joseph Lawrence, of Providence, R. I., is a maker of rope chain, and formerly employed 60 hands; to-day has only 12, as he can not compete with the imported rope chain. A similar condition prevails with all our rope-chain manufacturers. As rope chain is a staple article, some of our manufacturers have established factories in Germany and are making rope chain, as they can not do so at a profit at home. It takes a girl from six months to a year to learn to make rope chain, and good ropemakers here earn \$2 per day. A large wholesale jeweler in Boston said to me the other day: "You are surely up against it on the chain business. I buy the imported neck chains and lorgnette chain not 10 per cent cheaper, but 40 to 50 per cent cheaper than the domestic chain, and I have tested the chain and know they are just as good in every respect as the domestic chain."

Conditions have changed since the enactment of the Dingley bill. Up to, say, three years ago, the foreign rope chain was inferior to ours, but to-day it is much better made and is nearly as good as the American chain. In addition to better workmanship, they have learned to make a better quality of rolled-gold-plated wire for their chain, and in addition reduced price about 10 per cent. During this period wages in Rhode Island have advanced 29.8 per cent. You will notice the increase in duty which we ask for is more than offset by the improvement made by the foreign manufacturer in the quality of his goods, in the reduction he has made in his price, and the advance paid in wages in this country.

As mesh bags and rope, cable, and curb chain come from Pforzheim, we submit list of wages paid there and in Providence, R. I.:

	Providence, R. I.	Pforzheim.	Differential.
	<i>Per day.</i>	<i>Per day.</i>	
Jewelers.....	\$2.50-\$3.50	M4.04-M4.40	\$1.25-\$2.40
Stampers.....	2.00-3.50	4.04-4.40	1.00-2.40
Stone setters.....	3.00-5.00	5.02-5.50	1.75-3.65
Engravers.....	3.00-3.50	5.42-6.00	1.62-2.00
Toolmakers.....	3.00-6.00	4.87-5.20	1.80-4.60
Helpers.....	1.00-1.66	3.18-3.40	.20-.80
Polishers.....	2.00-3.00	2.48-2.68	1.38-2.30
Chain makers.....	1.16-2.00	2.49-2.70	.55-1.30
Foreman.....	4.16-5.00	8.00-12.00	2.20-2.00

We have not the cost of labor in detail as above for Gablonz, where Exhibits G and I came from, but we are told that labor is very much cheaper in Gablonz than in Pforzheim.

Exhibit Z consists of 14 samples of rolled-gold-plated cable chain soldered by an expert gold and silver smith of Japan. Domestic prices quoted are from a manufacturing company of Providence, R. I. It is exactly what they pay their chain makers without any overhead charges (which are 33½ per cent) or allowance for solder used, or profit in any form.

The foreign prices are f. o. b. Yokohama.

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Number.	Domestic soldering per foot.	Japanese soldering per foot.	Differen- tial.
	<i>Cents.</i>	<i>Yen.</i>	<i>Cents.</i>
9.....	8	0.07	4½
12.....	4	.03	2½
12A.....	4	.04	2
13.....	5	.07	1½
14.....	4	.04	2
16A.....	3½	.04	1½
17.....	2½	.04	¾
17A.....	3½	.03	2
21.....	2½	.02	1½
21A.....	3	.03	1½
21B.....	2	.02	1
21R.....	4	.03	2½
24.....	3	.03	1½
25.....	2½	.02	1½

With this unfair comparison, the Japanese prices are on the average just one-half the domestic prices. I wish to quote part of the Japan Manufacturing Co.'s letter of November 5, 1908, as follows: "Our present capacity in soldering is about 5,000 feet per day. It will, however, be very easily increased if necessary to any more, and when your order be a large one we will make special quotations at a lower figure and sincerely ask your patronage." In this quotation from this letter you will notice that the Japan manufacturers of their own accord plainly state their willingness and ability to quote lower prices if they can have the business.

The plated wire used in this chain is made in this country, and by special machinery is wound, sawed, and linked ready to solder. This is the way the importation of rolled gold-plated rope chain began in this country; that is, wire was made here, sent to Germany, and returned in the shape of rope chain. Soon the Germans bought a chain machine here, and made themselves as many more as they needed. They also improved the quality of their rolled gold-plated wire, so that to-day we have practically lost the exportation of plated wire to Germany to be made into chain.

The Japanese are bright people, good at copying, and in a very short time will have chain machines of their own, will also make the plated wire, and all that has been done to us by the Germans will soon be duplicated by the Japanese.

When the Dingley bill was passed we feared England and France on certain lines. To-day Germany has taken the place of both of these countries and in the near future, from present indications, we shall witness an industrial battle for the jewelry business of this country between Japan and Germany.

The Germans already have us at a great disadvantage on account of the difference in labor. What will happen when the Japanese get into this market in earnest no one can foretell.

In this connection I wish to state that from cable chain like this exhibit we make curb chain. See Exhibits Y and A.

Exhibit AA.—Catalogues. To substantiate our claim that mesh bags, silver novelties, toilet articles, and other silver goods should be classed as jewelry, we submit two catalogues of Paye & Baker Co., manufacturing jewelers and silversmiths of North Attleboro, and one of Theodore W. Foster & Bro. Co., of Providence, showing that these articles are made by our jewelry factories, in connection with a general line of jewelry, and sold to the trade as jewelry.

We also submit finely illustrated and extensive catalogue of Franz Spiedel, a large manufacturer of chain in Pforzheim, Germany, who, it is said, is importing large quantities of chain into this country; also Japanese catalogue of Messrs. Shimizen & Co. (read from the back) illustrating a large variety of jewelry consisting of scarf pins, charms, rings, chain, pencils, spectacles, toilet articles, etc., showing the Japs are willing to supply us with jewelry as well as chain. (See Exhibit Z.)

There is a large volume of business done all the year round on millinery ornaments. They are practically all imported at the present time. Our manufacturers who make the cheaper grade of goods have the facilities, the tool makers, the bench hands, the colorers, the stone setters, and the shops to make these ornaments. They are anxious to get this business, but can not do so on account of the low wages abroad and the low duty at home. Put millinery ornaments in paragraph 434, and we can get a share of this business, and the Government get an increased revenue, as lots of goods are bound to be imported anyway.

PARAGRAPH 448—JEWELRY.

We have seen a copy of the brief submitted by Dr. Kunz, gem expert (for several years connected with the house of Tiffany & Co., New York), in which he states that the duty of 60 per cent on jewelry is prohibitive, and 30 to 40 per cent would produce more revenue to the Government, and we answer that statement by saying that undoubtedly Mr. Kunz had in mind jewelry of the more expensive character, jewelry made by the single piece, a special design of which is made for that particular piece, and is not duplicated for another similar piece, such as the finest specimens of the jewelers' art that can be produced in Paris, Berlin, St. Petersburg, and other high-art centers, jewelry set with many high-cost precious stones.

It is very evident that Dr. Kunz did not have in mind, and barely possible that he does not know about, the jewelry that is made in Providence and the Attleboros, to be sold by the dozen and by the gross; the kind of jewelry made in large quantities in our factories in which the labor cost exceeds by far that of the material used therein.

Please note in our exhibits the item of labor exceeds many times the cost of the material used. By comparing our exhibits with our statements of costs here and abroad, you will see that Dr. Kunz's statement of 30 to 40 per cent duty does not fit our industry on the top, side, or bottom.

An importer in New York has samples of gold brooches set with pearls and corals brought in under paragraph 434. If this can be done to-day, wouldn't the jewelry factories in Pforzheim get busy if you followed Dr. Kunz's suggestion and made the duty on jewelry 30 to 40 per cent, and wouldn't it close a like number of factories in Providence and the Attleboros? We surely know it would.

Furthermore, you can readily see the duty asked for, 85 per cent, is nowhere near equal to the difference between the labor abroad and the labor here on the same article. Consequently, duty recommended by us, not being prohibitive or anywhere near it, will protect the industry somewhat and produce a greater revenue than the present rate of duty.

Our exhibits show that our product is 75 to 95 per cent labor, and in consideration of the price paid labor here and abroad the present duty does not give us adequate protection—that we need a duty commensurate with the difference between labor here and abroad.

TARIFF COMMITTEE OF NEW ENGLAND MANUFACTURING
JEWELERS AND SILVERSMITHS' ASSOCIATION,
HENRY G. THRESHER, *Chairman*.

STATE OF RHODE ISLAND, *County of Providence:*

In the city of Providence, on this 9th day of January, A. D. 1909, personally appeared Henry G. Thresher, to me known, and he subscribed the foregoing brief in my presence and made oath that all information and statements contained therein are true and correct, to the best of his knowledge and belief.

Before me:

[SEAL.]

ROBERT S. EMERSON, *Notary Public*.

EXHIBIT A.—*New England Manufacturing Jewelers' and Silversmiths' Association.*

1. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, close for longer than normal periods of time? If for longer than normal periods of time, how much longer?—A. Yes, we were closed tight for lack of orders nearly half of the time.

2. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, run on short time for longer periods of time than under normal conditions? If so, on how short time, and for how much longer periods than normal?—A. Yes, we worked about 3 days a week, 8 hours per day, then closed for entire week. There was no jewelry business during said time.

3. Did you discontinue the manufacture of any particular lines of goods, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897. If so, what were the lines discontinued, and were they discontinued because of low tariff?

4. What was the average number of your employees while the following tariff laws were in effect?

(a) McKinley law, 1890 to August 27, 1894?—A. Fifty.

(b) Wilson-Gorman law, August 27, 1894, to July 24, 1897?—A. Twenty-six.

(c) Dingley law, July 24, 1897, to August 5, 1909?—A. Eighty.

(d) Payne-Aldrich law, August 5, 1909, to now?—A. Ninety.

BLISS BROS. CO., *Attleboro*.

PARAGRAPH 448—JEWELRY.

1. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, close for longer than normal periods of time? If for longer than normal periods of time, how much longer?—A. We did not operate over one-half time and failed in 1896.

2. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, run on short time for longer periods of time than under normal conditions? If so, on how short time and for how much longer periods than normal?—A. Yes, 16 hours a week at times.

3. Did you discontinue the manufacture of any particular lines of goods while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897? If so, what were the lines discontinued, and were they discontinued because of low tariff??

4. What was the average number of your employees while the following tariff laws were in effect?

(a) McKinley law, 1890 to August 27, 1894?—A. Eighty.

(b) Wilson-Gorman law, August 27, 1894, to July 24, 1897?—A. Thirty-five.

(c) Dingley law, July 24, 1897, to August 5, 1909?—A. One hundred and twenty.

(d) Payne-Aldrich law, August 5, 1909, to now?—A. Three hundred and fifty; at present 475, and more wanted.

WHITING & DAVIS Co.,
Plainville, Mass.

JANUARY 17, 1913.

NEW ENGLAND MANUFACTURING JEWELERS' ASSOCIATION.

GENTLEMEN: It would be impossible for us to answer your questions. The reason is when we moved five years ago we destroyed all old time books and anything that we did not need and thought that we would have no occasion to refer to later. All we can say is that the period from 1894 to 1897 was extremely bad. We distinctly remember one time of running for months on 15 hours a week instead of 60 that we were running before the dull period set in. We also run with a reduced number of hands.

We can not remember at the present time whether any lines were discontinued on account of the tariff law or not.

Every six months we make large changes in our line, as we manufacture about every novelty that comes out, and our line is constantly changing.

We regret that we can not give you any more definite information.

Yours, truly,

WILLIAMS & PAYTON.

PROVIDENCE, R. I., January 21, 1913.

NEW ENGLAND MANUFACTURING JEWELERS
AND SILVERSMITHS' ASSOCIATION,
Providence, R. I.

GENTLEMEN: We are in receipt of your inquiry in regard to the running time of our factory during the period from 1894 to 1897, and in answer would say that we ran our factory on an average of 40 hours a week during these years, which we call a very short time.

Trusting this is the desired information, we are very truly, yours,

OSTBY & BARTON Co.,
By HAROLD W. OSTBY.

JANUARY 18, 1913.

THE NEW ENGLAND MANUFACTURING JEWELERS
AND SILVERSMITHS' ASSOCIATION,
42 Weybosset Street, City.

GENTLEMEN: Answering your inquiry of January 15, we beg to say that during the period from August 27, 1894, to July 24, 1897, and which time the Wilson-Gorman tariff law was in effect, our production was very much reduced and the amount of labor employed much less than during a period previous to this time, or even after it.

Very truly, yours,

N. BARSTOW Co.

PARAGRAPH 448—JEWELRY.

1. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894 to July 24, 1897, close for longer than normal periods of time? If for longer than normal periods of time, how much longer?—A. Yes, we closed until further notice and stayed closed seven weeks.

2. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894 to July 24, 1897, run on short time for longer periods of time than under normal conditions? If so, on how short time, and for how much longer periods than normal?—A. Yes, our working schedule was one and two days a week for months and even then many men were not given work.

3. Did you discontinue the manufacture of any particular lines of goods, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894 to July 24, 1897? If so, what were the lines discontinued, and were they discontinued because of a low tariff?—A. No. On the other hand we increased our line in an effort to keep our factory going.

4. What were the average number of your employees while the following tariff laws were in effect?

(a) McKinley law, 1890 to August 26, 1894?—A. Sixty.

(b) Wilson-Gorman law, August 27, 1894, to July 24, 1897?—A. Thirty-three.

(c) Dingley law, July 24, 1897, to August 5, 1909?—A. One hundred.

(d) Payne-Aldrich Law, August 5, 1909, to now?—A. One hundred.

E. I. FRANKLIN & Co.

1. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894 to July 24, 1897, close for longer than normal periods of time? If for longer than normal periods of time, how much longer?—A. Our factory was on short time for longer periods than usual during 1894-96 and we employed not more than three-quarters the normal help.

2. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894 to July 24, 1897, run on short time for longer periods of time than under normal conditions? If so, on how short time, and for how much longer periods than normal?—A. Half time for months and much less number of help. Short time six months on a stretch.

3. Did you discontinue the manufacture of any particular lines of goods, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894 to July 24, 1897? If so, what were the lines discontinued, and were they discontinued because of a low tariff?—A. Times were so dull nothing sold but cheap new novelties.

4. What were the average number of your employees while the following tariff laws were in effect?

(a) McKinley law, 1890, to August 27, 1894?—A. Two hundred and fifty.

(b) Wilson-Gorman law, August 27, 1894, to July 24, 1897?—A. One hundred and fifty.

(c) Dingley law, July 24, 1897, to August 5, 1909?—A. Four hundred.

(d) Payne-Aldrich Law, August 5, 1909, to now?—A. Four hundred and fifty.

THEODORE W. FOSTER & BRO. CO.

1. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, close for longer than normal periods of time? If for longer than normal periods of time, how much longer? A. About an average of 65 days.

2. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, run on short time for longer periods of time than under normal conditions? If so, on how short time, and for how much longer periods than normal?—A. Our factory was run on short time during the entire period from 1894 to 1897, but we can not give exact figures.

3. Did you discontinue the manufacture of any particular lines of goods, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897? If so, what were the lines discontinued, and were they discontinued because of a low tariff? A. We have suffered much from the encroachment of German trade on nickel chains. We did not discontinue the line, but foreign-made chains of class are sold now in this country for less than we can produce them.

4. What were the average number of your employees while the following tariff laws were in effect?

PARAGRAPH 448—JEWELRY.

- (a) McKinley law, 1890 to August 27, 1894?—A. Eighty.
 (b) Wilson-Gorman law, August 27, 1894, to July 24, 1897?—A. Sixty-one.
 (c) Dingley law, July 24, 1897, to August 5, 1909?—A. One hundred and one.
 (d) Payne-Aldrich Law, August 5, 1909, to now?—A. Eighty.

THE O. M. DRAPER CO.,
 North Attleboro.

1. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, close for longer than normal periods of time? If for longer than normal periods of time, how much longer?—A. Many months during that period, we were closed from 2 to 5 days weekly.

2. Did your factory, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897, run on short time for longer periods of time than under normal conditions? If so, on how short time, and for how much longer periods than normal?—A. Yes, from 1 to 4 days weekly many months during that time.

3. Did you discontinue the manufacture of any particular lines of goods, while the Wilson-Gorman tariff law was in effect, i. e., from August 27, 1894, to July 24, 1897. If so, what were the lines discontinued, and were they discontinued because of a low tariff?—A. No.

4. What were the average number of your employees while the following tariff laws were in effect?

- (a) McKinley law, 1890 to August 27, 1894?—A. Sixty-four.
 (b) Wilson-Gorman law, August 27, 1894, to July 24, 1897?—A. Thirty.
 (c) Dingley law, July 24, 1897, to August 5, 1909?—A. Sixty.
 (d) Payne-Aldrich law, August 5, 1909, to now?—A. Sixty.

H. D. MERRITT & Co.,
 North Attleboro.

EXHIBIT B.

[From the Department of Commerce and Labor, Bureau of Manufactures. (Special Agents Series No. 42, "Industrial Conditions in Europe, Part 2. Austria-Hungary.")]

In Vienna:

Goldsmiths and silversmiths receive per 50-hour week.....	\$5. 50—\$7. 50
In Gablonz jewelry factories for a day of from 10 to 11 hours pay:	
Factory foremen.....	. 80— 1. 00
Skilled helpers.....	. 60— . 70
Women.....	. 40— . 50
Young boys and girls.....	. 30— . 40

Much of this work is taken home and done by the piece, but it is claimed that only by working long hours and by special skill can better wages be secured through piece-work.

The general factory workmen, wagon drivers, and other laborers in Gablonz do not earn over 60 cents daily.

The laboring classes in this section subsist principally on rye bread, potatoes, milk, and vegetables, with occasionally a bit of smoked meat or sausage, sour milk with potatoes, and some home-made cheese.

PARAGRAPH 448—JEWELRY.

MARSEILLE, FRANCE, November 4, 1912.

The PAYE & BAKER MANUFACTURING CO.,
North Attleboro, Mass.

SIRS: Replying to your letter dated the 10th instant I have the honor to report that, the wages paid to the workmen per day in the Marseille jewelry factories range as follows:

	Francs.	United States equivalent.
Stampers.....	5- 8	\$0.96-\$1.54
Pressmen.....	5- 7	.96- 1.35
Makers.....	5- 7	.96- 1.35
Engravers.....	10-12	1.93- 2.31
Chasers.....	10-12	1.93- 2.31
Stone setters.....	12-15	2.31- 2.89
Enamelers.....	7- 8	1.35- 1.54
Colorers.....	5- 8	.96- 1.54
Polishers.....	3- 5	.58- .96
Die cutters.....	7-10	1.35- 1.93
Toolmakers.....	7-10	1.35- 1.93

Always at your service, I remain, respectfully, yours,

Consul General.

Sent through the State Department.

The wage scale (wage per hour) paid by a representative silver-plate novelty house in Massachusetts:

Stampers.....	\$0.35	Colorers.....	\$0.25
Pressmen.....	.20	Polishers.....	.25
Makers.....	.30	Toolmakers.....	.40
Engravers.....	.35	Die cutters.....	.40

The scale of wages paid by a representative electroplate jewelry house in Massachusetts, showing the wage per hour for a 10-hour day:

Stampers.....	\$0.22½	Enamelers, men.....	\$0.30
Pressmen.....	.17½	Stone setters.....	.20
Makers.....	.27½	Colorers.....	.30
Engravers.....	.37½	Polishers.....	.25
Chasers.....	.35	Toolmakers.....	.40
Enamelers, girls.....	.15	Die cutters.....	.45

The scale of wages paid by a representative miscellaneous line jewelry house in Providence, showing the wage per hour for a 10-hour day:

Stampers.....	\$0.31	Stone setters.....	\$0.28
Pressmen.....	.16½	Colorers.....	.28
Makers.....	.35	Polishers.....	.30
Engravers.....	.42½	Toolmakers.....	.43
Chasers.....	.37½	Die cutters.....	.45
Enamelers.....	.35		

The scale of wages paid by a representative solid gold jewelry house in Providence, showing the wage per hour for a 10-hour day:

Stampers.....	\$0.35	Stone setters.....	\$0.40 - \$0.50
Pressmen.....	\$0.15- .20	Colorers.....	.35 - .40
Makers.....	.30- .35	Polishers.....	.27½- .35
Engravers.....	.40	Toolmakers.....	.40

The scale of wages paid by a representative solid gold chain jewelry house in Providence, showing the wage per hour for a 10-hour day:

Stampers.....	\$0.20-\$0.35	Stone setters.....	\$0.40
Pressmen.....	.15- .25	Colorers.....	\$0.25- .40
Makers.....	.20- 1.25	Polishers.....	.25- .35
Engravers.....	.40	Toolmakers.....	.30- .60
Chasers.....	.40	Die cutters.....	.30- .60

PARAGRAPH 448—JEWELRY.

Scale of wages paid per hour for a 10-hour day by a representative plated gold chain house in Massachusetts:

Stampers.....	\$0. 30—\$0. 50	Stone setters, men.....	\$0. 35—\$0. 55
Pressmen.....	. 20— . 30	Colorers.....	. 50— . 60
Makers.....	. 25— . 50	Polishers.....	. 30— . 35
Engravers.....	. 40— . 60	Toolmakers.....	. 40— . 60
Chasers.....	. 30— . 50	Die cutters.....	. 40— . 75

EXHIBIT C.

[Extracts from report of Henry Studniczka, commercial agent, Department of Commerce and Labor (Special Agents' Series No. 42.)]

[Page 45:] The leading industry in Gablonz is possibly the production of cheap jewelry. The factory foremen receive from 80 cents to \$1 daily, skilled helpers 60 to 70 cents, women 40 to 50 cents, and young boys and girls 30 to 40 cents. Much of this work is taken home and done by the piece, but it is claimed that only by working long hours and by special skill can better wages be secured through piecework. The general factory workmen, wagon drivers, and other laborers in Gablonz do not earn over 60 cents daily.

[Page 47:] At present in Reichenberg each house has 17 occupants or tenants, and each separate habitation, room, or set of rooms is occupied by approximately 4 persons. It must not be overlooked that 1,078 of the separate habitations are occupied by the poorer classes, who subrent to lodgers, and that of this class each habitation had 8.5 occupants for 1900 and 11 occupants for 1909.

Of the occupied habitations in 1909, 309 were in basements, 2,791 on the first floor, 2,823 on the second floor, 933 on the third floor, 184 on the fourth floor, and 2,182 in attics. The 1-room habitations, numbering 3,324, were occupied by 8,994 people; 2,068 of 1 room and kitchen were occupied by 7,524 people; 485 of 2 rooms and kitchen by 1,875 people; 1,483 of 3 rooms and kitchen by 5,957 people; 1,018 of 4 rooms and kitchen by 4,339 people; 843 of 5 rooms or more by 4,238 people.

The rents in Reichenberg may be safely placed at the following figures: One room, according to section and location, with kitchen, \$57 to \$72 per year; 2 rooms, \$100 to \$120; 3 rooms, \$150 to \$200; 4 rooms, \$200 to \$260; 5 rooms, \$300 to \$360. The rental values have doubled since 1900.

FEBRUARY 28, 1913.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: In connection with our brief filed relative to the jewelry covered by paragraph 448, Schedule N, we beg to call your attention to the following extract from the report of Vice Consul General Lucien Memminger, Paris, dated February 4, 1913.

"The quantity of jewelry, real and imitation, exported from Paris to the United States during 1912 was \$842,934, of which less than \$10,000 was imitation. These figures do not of course include the large quantities bought in Paris by Americans visiting Paris and which are taken back to America among their personal effects."

This statement shows that the exports of jewelry from Paris alone, not including the large quantities bought there by visiting Americans, are largely in excess of the Treasury Department's report of the exports from the whole of France for 1911, which are given as \$562,340 and indicates how the importations are increasing.

Respectfully,

NEW ENGLAND MANUFACTURING JEWELERS
AND SILVERSMITHS' ASSOCIATION.

PARAGRAPH 448—JEWELRY.

STATEMENT OF HON. W. S. GREENE.

Mr. GREENE. Mr. Chairman, I have a communication from the selectmen of North Attleboro, Mass., which I would like to have placed in the record.

The CHAIRMAN. Without objection, the communication will be printed in the record.

Mr. GREENE. It refers to the same matter that the gentleman who has just been speaking has been referring to.

The CHAIRMAN. Very well, you may hand it to the stenographer and it will be printed in the record.

OFFICE OF THE SELECTMEN,
North Attleboro, Mass., January 8, 1913.

To Hon. WILLIAM S. GREENE,
Representative to Congress.

DEAR SIR: We, the undersigned, selectmen of the town of North Attleboro, Mass., at a regular meeting held on Wednesday evening, January 8, 1913, voted to adopt the following resolutions, viz:

Whereas, it is the policy and purpose of the Democratic Party and its administration to make a general reduction of the present tariff schedules during the next session of Congress, thereby removing the protection which is absolutely necessary to the life and continued prosperity of our manufacturing industries, which policy and purpose, if carried out, and their object accomplished, will precipitate disaster and ruin upon these industries, among which are the jewelry and silverware business; and whereas the jewelry and silverware business are the sole supporting industries of the Attleboros and the inhabitants thereof, these two towns, with all their merchants, market men, and other dependent local business, derive their whole income and livelihood from the pay rolls of these jewelry and silverware factories;

And whereas if the present protective tariff, which at present is barely adequate should be reduced, it would leave our industry almost entirely at the mercy of the markets of European manufacturers who could flood our country with their manufactured product at prices with which it would be absolutely impossible for the jewelers and silversmiths of the United States to compete. In other words, it would mean death to the jewelry and silverware business in the United States. Therefore,

Be it resolved, That we, the selectmen of the town of North Attleboro, do hereby enter and declare our most earnest protest against this policy and purpose of the incoming administration, and in behalf of our manufacturers, business men, and citizens, request and petition, that you, as our representative in the Congress of the United States, will put forth every effort at your command and exert your influence in all the premises to preserve and keep permanent the present percentage of protective tariff on jewelry and silverware.

Respectfully submitted.

JOHN A. ROSE,
JOHN DEVLIN,
GEO. C. BUGHIE,

Board of Selectmen of the Town of North Attleboro, Mass.

Mr. GREENE. I have some more articles, right in this same line, which I would like to file also.

PARAGRAPH 448—JEWELRY.

BRIEFS RELATING TO TARIFF ON JEWELRY.

BRIEF IN BEHALF OF THE MAINTENANCE OF THE PRINCIPLE OF PROTECTION IN THE TARIFF AND PARTICULARLY IN BEHALF OF THE MAINTENANCE OF THE PRESENT RATES OF DUTY ON MANUFACTURES OF JEWELRY.

PROVIDENCE, R. I., January 25, 1913.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives:

I file this brief without employment by any person or interest and as a citizen of the State of Rhode Island, the interests of whose people will be vitally affected by any change in the existing tariff. I am a Democrat, and in November, 1912 was elected to the senate of the State as a Democrat from the city of Cranston, one of the largest constituencies in the State. I am a protectionist and have never professed any other economic creed.

In 1912, prior to election, I circulated in my city a public address of mine in which I used these words:

"I believe in a reasonable protective tariff. When it is claimed that the labor cost of some manufactures is no greater in this country than in Europe, the claim, even if true, does not sustain the contention that American labor does not need protection. It is not the wages we have, in all cases, but the wages we ought to have, that require protection. The practical question is whether reduced tariff rates would be adequate for the protection of the labor conditions for which labor in America is making a long and, in the end, a successful struggle. It is this consideration which presents an insuperable obstacle to the permanent acceptance of low tariff ideas. * * *

"I do not accept the conclusion that the true remedy (for trust extortion) is the complete restoration of individualism, competitive industry. It is an ideal impossible of realization. Something to be sure can be done in that direction. The remedy, in my opinion, should be composite, partly the prevention of monopolies and partly, and this the chief reliance, the reasonable regulation of prices.

"The licensing system for great corporations engaged in interstate commerce, proposed originally by Mr. Bryan and now indorsed by many eminent men, should be introduced and so applied as to deny license to corporations monopolizing or tending to monopolize.

"Neither a license system, the breaking up of big business into small fragments, or tariff reduction or other indirect legislation should be the main reliance for relief against industrial oppression. The way to obtain economic justice is to provide for its direct enforcement. A national industrial commission should be created, and should be given extensive powers to fix tariffs and to fix maximum prices of commodities produced by corporations producing more than a certain large percentage of the entire national product. Congress would, under the constitution, retain ultimate control over the tariff, but having instructed the commission to adjust the tariff upon certain principles, public opinion would restrain it from interfering with the tariff rates, unless in rare cases for strong reasons."

Protectionists must now admit into their philosophy a new principle, that tariffs must be high enough to protect not only the wages we have but the wages we ought to have.

The people do not desire the abolition of protection, but they do demand that the Government take care that the benefits of protection are justly distributed, and this can only be done through an extension of governmental functions in the matters of price fixing (meaning maximum prices in big industries) and wage fixing (meaning minimum wages in big industries), from which we may shrink but shall find inevitable and remedial.

Meanwhile, before remedies for high prices and low wages can be settled upon, tariff reduction should be so small as not to imperil such prosperity as we have.

Severe reduction of the tariff will be followed now, as always in the past, by industrial disaster and quick and decisive political reaction.

THE JEWELRY TARIFF.

Jewelry is a great Rhode Island industry, and it is strongly represented in the city I have the honor to represent in the senate. This industry will be very sensitive to tariff reduction.

Peculiar reasons exist for making absolutely no reduction in the duties on foreign jewelry. Jewelry is a luxury and should be the subject of high duties for revenue purposes.

PARAGRAPH 448—JEWELRY.

There is the further fact that jewelry duties, being necessarily ad valorem, are more successfully evaded than if they were specific or compound. Undervaluations have long rendered the jewelry duties less effective for protection than they seem.

Long before the presidential campaign of 1912 I was informed, in perfect good faith, by certain of my present constituents that the jewelry tariff was inadequate for protection against the cheap labor of France and Germany, because of undervaluations. I do not believe wages in the jewelry industry are what they should be, but tariff reduction will inflict great injury upon wage earners in this industry.

EDWIN C. PIERCE.

WARNER JEWELRY CASE CO. (INC.),
Buffalo, N. Y., January 22, 1913.

HON. CHAS. B. SMITH,
House of Representatives, Washington, D. C.

DEAR SIR: A few facts for your guidance in reference to the tariff on jewelry cases: This schedule at present is decidedly unfair to the American manufacturer.

As an illustration, we are sending you under separate cover by parcels post three boxes. The boxes are manufactured in Germany, and the ring box costs approximately 60 cents per dozen. The other two larger boxes cost proportionately more, according to the size.

The box is made of wood, covered with a leatherette paper, and lined with velvet and satin. The schedule calls for a duty of 5 cents per pound and 30 per cent ad valorem. One dozen of these boxes weigh a trifle over a pound, for which a duty of 5 cents is charged and 30 per cent of the cost, viz, 60 cents and 5 cents per pound plus 30 per cent duty brings it up to about 85 cents per dozen.

The American manufacturer pays more than this for labor alone, say nothing of material, etc.

The duty now exacted does not protect the American manufacturer, and he is utterly incapable of competing with the German manufacturer, who is able to procure cheap labor in all departments.

I wish to refer to your consular reports in reference to jewelry cases.

According to one of our consular reports leather workers in the German jewelry box factories earn in what our money amounts to \$6.75 to \$7 per week. The American leather worker demands three times this sum.

In another consular report you will find girls and women are paid 7 cents per day and in some places 25 cents per day, and a maximum of about \$1.90 per week. American female help receive from \$6 to \$9 per week, and in some cases more.

The schedule at present allows a very great latitude for wrong appraisal. For instance, jewelry boxes of German manufacture are mostly covered with leatherette paper. The appraiser fixes the duty on this article as if the chief component part were paper, whereas, as a fact, the chief parts are made of wood, satin, and velvet, which should be appraised at a higher value.

Many years ago, we are informed, the duty on this class of merchandise was 75 to 80 per cent ad valorem. If the same duty would be enforced to-day we would have many times the number of people employed than are now.

We have endeavored to obtain information about the quantities of jewelry cases which are imported from Germany, and have written to the Department of State, Department of Commerce and Labor, Bureau of Manufactures at Washington, and the United States customs service at New York, but they are unable to give us the quantities or values imported each year. They have no record.

The fact that most manufacturers in this line are obliged to import jewelry cases covered with velvet and leatherette paper, shows conclusively that they can not be produced here at the same price, plus the duty. In Buffalo there are five manufacturers. One of them imports about \$30,000 worth annually. The others similar amounts. The same holds good in most of the cities in the United States. Department stores, mail-order houses import most of their jewelry boxes from Germany. Jewelry boxes being a luxury are given away by jewelers, department stores, and mail-order houses free of charge, and are therefore not a burden to the consumer.

We also beg to refer to Report No. 155, by Consul Ralph C. Busser, from Erfurt, Germany, under date of November 23, 1909, viz:

"It may be of interest to American paper-box manufacturers to learn that jewelry boxes of the total value of many thousands of dollars are exported to the United States every year from this consular district alone. The most noteworthy feature is that this business represents practically the transplantation to Germany of an indus-

PARAGRAPH 448—JEWELRY.

try that once flourished in New York. The American factory was located on Long Island with offices in New York City representing a large investment of capital and employing many hands. But when the proprietor died a few years ago the business fell behind owing, it is said, to the incapability or lack of interest of his successors. At any rate, it is more than a coincidence that the German industry in this district was established about the time that the American plant was discontinued, and that to-day jewelry boxes are being shipped by this firm to the same address in New York City at which was located the offices of the American factory."

We also understand from a very reliable source that one of the large manufacturers of boxes in the East has a very large factory or factories in Germany and imports very large quantities of boxes annually. This will prove again that they can not be produced here in competition with German labor.

Can you tell me who is benefited by such importation?

Writer can only see that the importer is the only one that derives any benefit, while if the duty would be increased it would give employment to thousands of our working people, who are the sufferers.

We think that it would be only a matter of justice to the American manufacturer to put the duty at 75 and 80 per cent ad valorem, respectively, for leatherette and velvet-covered cases, together with a strict appraisal at port of entry.

Should you desire any further information of a detailed nature, we shall be glad to furnish it promptly.

Thanking you for any efforts you may put forth in this matter, we are,

Very truly, yours,

WARNER JEWELRY CASE CO.,
EDWARD WARNER, *President*.

BRIEF OF NEW ENGLAND MANUFACTURING JEWELERS AND SILVERSMITHS'
ASSOCIATION.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned is an association chartered under the laws of Rhode Island, and as its name indicates is composed of members engaged in the manufacture of jewelry and silverware.

We have requested permission to appear before this committee on the paragraph relating to jewelry in the sundries schedule, but we are also very seriously interested in the residuary clause of the metal schedule, owing to the many decisions rendered by the Board of General Appraisers and the courts, through whose interpretation of the language of paragraph 448 a very large proportion of the articles such as we make now pay duty as manufactures of metal under paragraph 199 instead of under the jewelry paragraph.

A glance at paragraph 448 would convince the average reader, unskilled in the technicalities of tariff construction, that the rates in this paragraph were intended to apply not only to all jewelry, but to such articles as silver novelties, vanity cases, powder boxes, etc., for in the paragraph appears the following provision: "All other articles of every description * * * composed wholly or in chief value of silver * * * and designed to be worn on apparel or carried on or about or attached to the person." This was the construction followed by the classifying officers until it was upset by the Board of General Appraisers, and to-day, through the decisions referred to, not a single article of this class is assessed for duty under this provision. In fact, under the present practice no article, which is at all utilitarian, although chiefly ornamental, is assessed under paragraph 448, all of them falling into paragraph 199 as manufactures of metal, unless commonly or commercially known as jewelry.

In our brief filed in connection with paragraph 448 we will point out how this provision has been bereft of all force by one decision by the Board of Appraisers holding that nothing can come within it that is not jewelry and by another decision of the customs court holding that nothing can come within it which is jewelry.

The jewelry paragraph has always been a source of difficulty in the various tariffs, and in almost every act in recent years its provisions have been so warped and twisted in construction that it might be taken for granted that, however clear the present paragraph may be apparently drawn up, a way will be found to cut out from its provisions many articles which should belong there, causing them to fall within the basket clause of the metal schedule.

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It is in order that such articles should pay a fair rate of duty, even under the metal schedule, that we suggest a special residuary clause for the manufactures of the three precious metals used in the jewelry trade—i. e., gold, silver, and platinum. Gold in bullion is free, as is silver. Platinum also is free in every crude form, as well as in the form of crucibles and other apparatus used chemically. Aside from these articles, practically every manufacture of gold, silver, or platinum is a luxury, and so different from the ordinary manufactures of metal that it is a matter of surprise to find them provided for with such articles as manufactures of steel, iron, lead, brass, etc., in paragraph 199. It is extremely difficult to conceive of any other article of gold, silver, or platinum which is not in the nature of jewelry or a luxury, and as such they should be differentiated and assessed at a higher rate of duty.

We therefore suggest that the words "gold, silver, and platinum" be eliminated from paragraph 199 and that a new paragraph be inserted preceding it and reading as follows:

"Articles or wares not specially provided for, composed wholly or in part of gold, silver, or platinum, wholly or partly manufactured, 60 per centum ad valorem."

It should be noted that the end sought would not be accomplished by merely omitting these words from paragraph 199 without inserting a new paragraph, since the words "or other metal" would include them.

It is believed that the adoption of the rate suggested would result in increased revenues to the Government from a class of articles which, as luxuries, should properly be taxed.

Respectfully submitted.

NEW ENGLAND MANUFACTURING JEWELERS
AND SILVERSMITHS' ASSOCIATION.

JEWELRY NOVELTIES.

A. STEINHARDT & BRO.,
New York, January 15, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Your attention is respectfully called to paragraph 448 of the present tariff (1909). This paragraph, which is in fact a straight ad valorem one of 85 per cent and other rates, is written in the form of a compound one, and apparently so written for the purpose of misleading those not interested in the class of goods covered by it—for, when the tariff act was passed, the writer asked one of the Government officials who had been in attendance on the "committee" in charge of said paragraph why it was necessary to so word the paragraph, and in response was informed that if other industries knew that "the poor man's jewelry" was receiving a protection of 85 per cent there was a possibility of a demand by them for a like protection.

Eighty-five per cent, as you are no doubt aware, is entirely too high a rate of duty to be assessed upon the class of merchandise enumerated by or covered under said paragraph 448, as is evidenced by H. R. 1438, Calendar No. 2, Sixty-first Congress, first session. The paragraph was published in a Providence jewelry organ early in the year 1909 and was not opposed as it might have been, as it seemed so ridiculous in its phraseology and rates that it was thought there would be little probability of its being seriously considered by either the House or the Senate. Representative Payne's committee apparently turned it down, but when it reached Senator Aldrich's committee he saw to it that his constituents (with whom the paragraph originated) were duly cared for.

Again respectfully requesting your consideration of this paragraph, I am,

Very truly, yours,

EDWARD D. FLANNERY.

N. B.—Another curious working of the present tariff was recently called to my attention. Aluminum forks under paragraph 154, "Forks and steels, finished or unfinished, if imported with handles of mother-of-pearl, shell, ivory, silver, nickel silver, or other metal than iron or steel, 14 cents each, and in addition, on all the above articles, 15 per cent ad valorem," pay between 600 and 700 per cent duty. This may be verified by reference to T. D. 30488. On the class of forks covered by that decision we have quotations of M. 10 and 12 per gross.

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BRIEF OF EDWIN HORRAX, NEW YORK, N. Y.

NEW YORK, *January 28, 1913.*

HON. OSCAR UNDERWOOD,
Chairman Ways and Means Committee.

SIR: We wish herewith to protest against the present high tariff on several items known in the trade as notions; these are little necessities in life which are as staple as bread and butter, and we believe that the duty should be reduced on them; for instance, ordinary pins at present we are paying 35 per cent duty, and at this rate of duty the domestic manufacturers have absolutely no competition, as we can not figure near them with the imported goods, and the consequence of this high rate of duty has been that the domestic manufacturers have formed a combination, or so-called trust, and every mill has the same price list and discount on their goods, and furthermore will not allow an independent manufacturer to exist.

On the glass-headed pins, which mostly come from Germany, the rate of duty on these is 45 per cent. I do not believe that there is or ever has been a glass-headed pin manufactured in the United States. As these goods are used in every household, it would seem that the duties should be reduced on this line.

On ordinary wire hairpins we pay 35 per cent duty, and on account of the high duty it has absolutely stopped the importation of the cheapest class of goods, such as are put up in bulk and cabinets, as the domestic manufacturers are selling them a good deal lower than the cheapest German mills can manufacture them and pay this high rate of duty.

On garter elastics the present duty is 60 per cent on the cotton covered and 50 per cent on the silk covered; some years ago, before this high rate of duty, we used to import large quantities of the cotton covered, but on account of this extremely high rate we are now unable to import any and if the present duty is continued on the silk it will only be a question of time when we will have to stop importing these as well; some years ago we used to import large quantities of cotton tapes, shoe laces, and similar staple articles which go into the notion line, but have not been able to import any for years, as the duties have been prohibitive, and under this high protective tariff the domestic mills would only turn out an inferior article at an extremely high price, as there has been no competition.

Hoping that you will find time to go into the duties of the many hundred little items known as notions, but which are very necessary in every household in the country, we think that you will find that the duties can be materially reduced without seriously interfering with the welfare of the domestic mills, I remain,

Yours, very truly,

EDWIN HORRAX,
 PER J. C. HORRAX.

BRIEF OF ALBERT BORGZINNER & CO., NEW YORK, N. Y.

NEW YORK, *February 25, 1913.*

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Your attention is respectfully directed to certain inaccuracies appearing in the brief filed by the Warner Jewelry Case Co., of Buffalo, N. Y., on or about the 22d day of January, 1913, in reference to the tariff on jewelry cases.

First. The brief states that the present tariff on leatherette and velvet jewelry cases is 30 per cent ad valorem and 5 cents per pound. This is not the fact. The present tariff on paper or leatherette boxes is 45 per cent ad valorem and on velvet boxes 50 per cent.

Second. It further states that the tariff on these articles was formerly 75 and 80 per cent. This is also contrary to the fact. At no time within the last 20 years, to the writer's knowledge, has the tariff on these articles been as high as at present. I have been engaged in the business of importing jewelry cases from England and Germany for more than 20 years, and now am engaged at No. 66 Nassau Street, in the city of New York, under the name of Albert Borgzinner & Co. In my 20 years' experience I have never known the tariff on these articles to be anything nearly as high as 75 and 80 per cent. In point of fact in all that time it has never been as high as at present.

Third. The brief continues: "The duty now exacted does not protect the American manufacturer, and he is utterly incapable of competing with the German manufacturer," etc.

This is again at variance with the fact and is without force. In spite of a tariff of 45 and 50 per cent on these respective articles manufacturers in Buffalo, in New York

PARAGRAPH 448—JEWELRY.

City, in Boston, and elsewhere are now well able to afford to sell their products cheaper than the imported boxes, for the following reason:

The goods manufactured at these respective places are made by machinery. Exclusive rights to these machines, in the nature of a monopoly, are owned by three concerns in Buffalo and Boston. These machines can not be purchased. With these machines boxes are covered with leather, paper, or velvet without employing hand labor.

The materials used in making these boxes, namely, velvet, leatherette, satin, board, etc., are mainly an importation of foreign manufacture on which a duty of about 50 or more per cent has been already paid.

The only advantage that the importer can have, that I am aware of, may be in the lower cost of labor abroad. To my knowledge foreign labor is approximately 50 per cent less than domestic labor. Leather workers in the United States receive from \$12 to \$18 per week. In Germany they receive from 35 to 54 marks (about \$8.50 to \$13). Girls employed in the United States receive from \$4 to \$9 per week; in Germany they receive from 10 to 25 marks (about \$2.50 to \$6).

The brief continues: "Writer can only see that the importer is the only one that derives any benefit, while if the duty would be increased it would give employment to thousands of our working people, who are the sufferers."

Will a higher duty induce the manufacturers above described to employ hand labor and abandon their machines, or will it add another story to their profits? That the importer alone benefits by the present tariff I contend is wholly untrue. The Warner Jewelry Case Co., in its brief, ignores the fact that American manufacturers of boxes have been able to build up their business solely as a result of adopting the modern ideas and improved methods inaugurated by manufacturers abroad. Not only have the American manufacturers reduced the cost of production in this country by borrowing and adopting the ideas of foreign box manufacturers, but by improving upon those ideas they have still further reduced the cost of production in the United States to such an extent that the writer is ready and able to produce American-made boxes which compare and compete to advantage in every respect with imported boxes irrespective of the fact that a duty of 45 and 50 per cent, as the case may be, now exists. If under the existing tariff the American manufacturer can compete to advantage with the foreign manufacturer, what useful purpose can be served by disturbing the present tariff unless that purpose is to assist the manufacturers of machine-made boxes to a higher profit?

What importance attaches to the statement that the importation of these boxes has benefited only the importer, may be judged from the fact that their importation has stimulated the entire box industry to larger efforts and has enabled jewelry stores, department stores, mail-order houses, and others to offer their jewelry, etc., in presentable, inexpensive boxes; and their ability to do this has materially aided and increased their business. This state of affairs formerly did not exist, and its beneficial influence was lost to the American trade until the dozing American manufacturers awoke to the fact that they could offer the goods they now offer. Thus indirectly a very large and substantial outside field of business, if affected by the importation of jewelry cases and the consequent increase in the number employed in that field, is a substantial and growing advantage to the American workman.

It is a significant fact that the Warner Jewelry Case Co. in its brief is silent with reference to the paper cardboard box industry. It will doubtless be of interest to fathom this silence. The tariff on these is the same as on leatherette boxes, and this is therefore a parallel case and illustrates the real situation with respect to the articles designated above to advantage. The fact is, the present tariff effectually prohibits the importation of paper cardboard boxes. Their cost abroad almost equals the selling price in the United States. Cardboard paper ring boxes may be taken as an instance. These, velveteen-lined, are sold in this country by the manufacturer for \$1.65 per gross. The same boxes purchased abroad would cost in large quantities 5.75 marks per gross (that is \$1.30), which with the duty and freight added would bring the cost up to \$1.95 per gross. These, as I stated before, can be purchased from domestic manufacturers, even in small quantities, for \$1.65 per gross, less a cash discount.

It will thus be seen that a higher rate of tariff than the present rate on the articles mentioned would not benefit the workman, but would benefit only the few manufacturers who employ machines and who now are, as the matter stands, in spite of the existing tariff, fully able to compete with foreign manufacturers and who now can, in point of the fact, materially undersell the foreign article.

Respectfully submitted.

ALBERT BORGZINNER,
Of ALBERT BORGZINNER & Co.

PARAGRAPH 448—JEWELRY.

RESOLUTIONS OF COMMITTEE OF CITIZENS OF NORTH ATTLEBORO, MASS.

NORTH ATTLEBORO, MASS., *January 27, 1913.*

The COMMITTEE ON WAYS AND MEANS,

United States House of Representatives, Washington, D. C.

HONORABLE SIRS: In connection with the proposed tariff legislation at the coming session of Congress the Democratic town committee of North Attleboro, a committee elected by the Democratic voters of the town to promote the best interests of the Democratic Party, has instructed me to forward to you a copy of the following resolution passed by them on January 27, 1913:

Whereas the customs tariff law is about to be revised by the United States Congress; and

Whereas this committee recognizes that the welfare and prosperity of the town of North Attleboro is practically dependent upon its jewelry and silverware industries, which in turn are made possible only by an adequately protective tariff against the low-priced labor of foreign countries; and

Whereas the committee has been informed and believes that even under the present rate of duty on similar goods, the imports are steadily increasing: Therefore, be it

Resolved, That this committee record its disapproval of any reduction of duty upon jewelry, silverware, and kindred articles, and that it urge upon Congress the necessity of maintaining the present rates; and

Be it further resolved, That the secretary of this committee be and he is hereby instructed to forward to the Ways and Means Committee of Congress, to the Representatives of this district, and to the United States Senators of this State a copy of this resolution.

Dr. M. E. VANCE

(And 30 others).

PROTEST AGAINST REDUCTION OF DUTY ON JEWELRY, SILVERWARE, ETC.

NORTH ATTLEBORO, MASS., *December 30, 1912.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

HONORABLE SIRS: In view of the proposed legislation on the customs tariff, the undersigned, who one and all supported the Democratic Party during the recent electoral campaign, take the liberty of asking you to use your good offices against any reduction in the rate of duty now levied upon jewelry, silverware, and kindred products, should such reduction be contemplated.

As you are aware, the Attleboros practically owe their existence as manufacturing towns to the establishment and maintenance of the great jewelry and silverware industries, which are possible only under a tariff which will equalize the difference in the cost of labor and overhead charges between the United States and foreign countries. In these lines the difference is so enormous that even with the present duty of 85 per cent the competition has been exceedingly keen, and we are informed that even with the seemingly high duty the imports have greatly increased over those of preceding years.

A reduction in the tariff even to a small degree would therefore mean greatly increased foreign competition, with consequent lessening of our output and a scarcity of work.

It is a fact that under the construction put upon the present paragraph relating to our products, by which the duty has been reduced, whole lines of articles have been discontinued, and we greatly fear and believe that any further reduction will result in the curtailment, or indeed the actual closing down, of our factories, with enforced idleness and distress.

It is unnecessary to point out to you how vital this matter is to us as workmen in these factories, and we urge you most earnestly to do your utmost to prevent any reduction in this duty.

JOHN J. SOPER

(And 176 others).

PARAGRAPH 449—PRECIOUS STONES.**PARAGRAPH 449.**

Pearls and parts thereof, drilled or undrilled, but not set or strung, ten per centum ad valorem; diamonds, coral, rubies, cameos, and other precious stones and semiprecious stones, cut but not set, and suitable for use in the manufacture of jewelry, ten per centum ad valorem; imitation precious stones, including pearls and parts thereof, for use in the manufacture of jewelry, doublets, artificial, or so-called synthetic or reconstructed pearls and parts thereof, rubies, or other precious stones, twenty per centum ad valorem.

PRECIOUS STONES.**TESTIMONY OF LUDWIG NISSEN, 182 BROADWAY, NEW YORK CITY.**

Mr. Nissen was duly sworn by the chairman.

The CHAIRMAN. Proceed, Mr. Nissen.

Mr. NISSEN. Gentlemen, I represent with other members of our committee who are here, the diamond, precious and semiprecious stone interests of the United States from New York to California and from Maine to Texas, including all of the branches of the trade, namely, the cutters, the importers, the jobbers, the manufacturers who use these stones in their products, the retailers, and the working-men employed in the diamond cutting establishments; and while I have no warrant specifically from them, I know we also represent the interests of all the consumers of these commodities who buy their articles of adornment and pleasure within the borders of this country.

To the ordinary mind, it would seem that inasmuch as certain necessities of life are made to bear a high percentage of duty, these luxuries must be made to bear a higher duty than is now imposed upon them.

The experience of the past, however, has shown that a higher duty than is now levied can not be collected. Up to the time of the enactment of the Wilson bill, the duty on these commodities was never higher than 10 per cent ad valorem. Representations were then made to the Ways and Means Committee that the higher the duty the lower would be the revenue accruing to the Government from these importations. Nevertheless, the duty at that time was placed at 25 per cent on all finished goods and 10 per cent on the rough, with the result that during the operation of that bill the revenues dropped in three years to about one-half of what it had been during the three previous years under a 10 per cent duty, although in accordance with the changes that were made, the revenue should have risen from 150 to 200 per cent.

Mr. HARRISON. Mr. Nissen, does it not seem to you possible that all luxuries during those times were imported in less quantities?

Mr. NISSEN. During the first year of the operation of that bill, 1895, it may be possible that the importations were somewhat less. During the last two years of it, the business became fairly normal, and if the importations were any less than they had been previous to the operation of the bill it may be more than offset by the higher prices of the goods, because we in this country do not establish the price on diamonds and pearls and things of that kind. The prices are made on the other side, and they are not made for the accommodation of the United States alone, because the whole world buys dia-

PARAGRAPH 449—PRECIOUS STONES.

monds and pearls and things of that kind in London and Paris, where the syndicates exist, and make these prices.

Mr. PAYNE. Were you importing diamonds at that time?

Mr. NISSEN. Yes, sir.

Mr. PAYNE. Is it not a fact that diamonds could be bought in this country at a lower price than an honest importer could import them for and pay 25 per cent duty?

Mr. NISSEN. It was a fact.

Mr. PAYNE. That was universally so?

Mr. NISSEN. That was almost universally so, because 80 per cent of the goods that came into this country during the operation of that bill were smuggled. During the last year of the operation of the Wilson bill the regular importations entering through the custom-house ran down to \$2,600,000. The revenue collected upon those importations was \$416,000, under a 25 per cent duty upon finished goods and a 10 per cent duty upon the rough; whereas for the three previous years, when there was no duty upon the rough and a 10 per cent duty upon the finished goods, the revenue amounted to nearly a million and a half dollars, on the average.

Mr. HARRISON. Do you not believe that if the Government were to bend its attention to the matter, that a higher rate of duty could be levied on diamonds?

Mr. NISSEN. I think it absolutely impossible, no matter how much the Government would spend in the detection and prevention of smuggling.

Mr. HARRISON. Is there not a great deal more attention being paid now to smuggling than was paid to it even three or four years ago?

Mr. NISSEN. There has been during the last four years a great deal better result in achieving some revenue for the Government by a very strict enforcement of the law at the New York entrance.

Mr. HARRISON. Are there not revenue agents in the foreign capitals who are keeping track of purchases of jewels.

Mr. NISSEN. To a very small extent.

Mr. HARRISON. Do you not believe that by extending that system a higher rate of duty could be collected upon diamonds at our ports?

Mr. NISSEN. I do not. I think it is absolutely impossible to collect a higher rate of duty upon diamonds. You will create the incentive for smuggling, which it will be absolutely impossible for the Government to circumvent, because with our enormous coast lines east and west, and our long stretches of borders south and north, it would not be possible to detect and prevent the smuggling of articles, of which you can put a million dollars worth into one man's pocket without indicating that he has anything.

Mr. HARRISON. Would not a stricter supervision of the sources from which they come make it possible to collect a higher rate of duty on them here?

Mr. NISSEN. I do not believe it, because the Government has so far, with its revenue agents on the other side, paid very little attention to actual smuggling. They do pay some attention to undervaluations, and mostly of bulky goods and things of that kind, but they can not go into the hearts and safes of the people in Amsterdam and Antwerp who do this business. They never have been able to do it up to the present time.

PARAGRAPH 449—PRECIOUS STONES.

Mr. HARRISON. You must realize that it is going to be very hard for the Democratic Party to defend a 10 per cent ad valorem duty upon luxuries like diamonds.

Mr. NISSEN. Unless we can convince the Democrats that that would be the greatest benefit to the Treasury Department in the collection. Now, we understand of course that this committee will legislate for the benefit of the Treasury Department of the United States, and we want to convince you that while we are here, of course, to maintain ourselves in business, we are also here to help the Government in making a schedule which shall be just to the importer, the cutter, and the retailer, as well as equitable to the Government itself, and one which will produce the largest amount of revenue.

Mr. PAYNE. I do not suppose that it is harder for a Democrat to stand up for what is right than it is for a Republican, if he only has the courage of his convictions. You need not answer that.

Mr. HARRISON. Do I understand my colleague has withdrawn that remark?

Mr. PAYNE. No; I do not withdraw it.

Mr. HARRISON. It is not going to be very hard upon the Democrats who have announced to the country that they are going to put a tax upon luxuries and reduce the tax upon necessities, which is just the reverse of the process of my brother Payne, to defend so low a rate of duty as 10 per cent on diamonds.

Mr. NISSEN. Except upon the theory that that is the best possible schedule that can be devised for the getting of revenue.

There is another thing to be considered, however, gentlemen. We are here as an absolute unit in our trade, from the cutter down to the workman and to the retailer.

We have submitted a brief, which we shall take the liberty of supplementing later on, by putting more names upon it, but already upon that brief appear the names of the best jewelers of 22 States in this Union, who are all in accord. There is absolutely no controversy between us, and we feel that after coming here so absolutely united and wanting only that which we feel is just to ourselves and equitable to the Government, it is proper to ask this committee, in view of the many hundreds of millions of dollars that are invested in this business, not to make these investments of American capital the prey of foreign pirates, who will succeed in getting goods into this country without paying duty upon them.

The CHAIRMAN. Your time has expired, Mr. Nissen; that is all.

Mr. PAYNE. Just a moment. I suppose the question is whether the Government should collect a higher rate of duty or allow them to come in free whenever the pirates bring them in?

Mr. NISSEN. That would be the question under this schedule. We claim that under a 10 per cent duty the revenue can be collected. We claim that under a higher duty than 10 per cent it can not be collected. The incentive for smuggling would be so great that the Government can not possibly detect it.

PARAGRAPH 449—PRECIOUS STONES.

BRIEF RELATING TO DIAMONDS, PEARLS, AND PRECIOUS STONES, NOW COVERED IN SCHEDULES NOS. 449 AND 555.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

DEAR SIR: The undersigned, representing practically all of the importers and dealers in precious stones and pearls and imitation precious stones and pearls and cutters of diamonds and other precious stones, together with the workmen employed in such cutting establishments, from whom a memorial is appended hereto, respectfully request your committee to retain the present schedules Nos. 449 and 555 in the exact form and substance as they now stand in the statutes.

Such schedules are strictly the fruit of experience and were adopted only after the Government discovered the practical impossibility of collecting duties when assessed at rates higher than those now existing. The experiment was not only unprofitable from the standpoint of the Government, due to the enormous shrinkage in duties collected, but was disastrous to the honest importers who found themselves unable to compete when offering their goods on which duty had been paid in competition with goods which had paid no duty whatever.

It is a matter of record that in 1892, two years before the act of 1894, when the duty on precious stones was increased from 10 to 25 per cent ad valorem and uncut precious stones were taken from the free list and scheduled at 10 per cent ad valorem, imports of precious stones cut and uncut were \$12,882,784, and the duties paid thereon amounted to \$1,238,417; in the year following that act, 1895, the imports through the custom-house dropped to \$4,725,455, a falling off of imports to the extent of \$8,163,329, while the Government received in duties thereon \$804,219.76, a falling off of revenue to the extent of \$434,197; in 1896 the total imports were \$6,791,633, the duties paid thereon amounted to \$1,096,193, representing a falling off of imports as compared with those of the year 1892 amounting to \$6,091,151, and a falling off of revenue of \$142,224; in 1897 the total imports were \$2,698,879, and the duties paid thereon amounted to \$418,767, representing a falling off of imports as compared with those of the year 1892 amounting to \$10,183,905, and a falling off of revenue of \$819,650. Two years after the act of 1897, when the duty on precious stones had been reduced to 10 per cent ad valorem, and the duty on uncut stones had been removed, on which basis such items now stand in the schedules, the imports rose to \$17,208,531, and have now risen to about forty millions.

In answer to general arguments that may be advanced that articles of luxury should be made to bear higher rates of duty than those now imposed upon such articles, we respectfully submit that experience has shown that more than 10 per cent can not be collected on precious stones and pearls for the reason that such commodities embody large value in small bulk and are therefore easily concealed; hence a higher duty than 10 per cent places a premium on dishonest methods by encouraging and inviting smuggling and undervaluing, and as a matter of fact it has been proven that as the duty increases the revenue to the Government decreases and at the same time reputable merchants are practically put out of business.

Even to-day at existing rates a basis that might be described as one of minimum temptation to defraud, there is an unshakable belief that unscrupulous dealers have been successful in evading the vigilance of the Government agents, notwithstanding the fact that never in the history of our trade has there been greater confidence, based on actual achievement, in the character and ability of the officials charged with the collection of customs duties; nevertheless we recognize the magnitude of their task; our vast coast line and extensive international boundaries make it practically impossible to detect and apprehend all parties who seem to have a constitutional objection to the payment of customs duties. Even under the present duty of 10 per cent American tourists buy many millions of dollars worth of our commodities abroad, comparatively very few of which are declared upon their arrival home. What would happen if you widen the margin of cost between here and abroad by increasing the rate of duty? You would simply increase the insatiable desire of the average man and woman to smuggle, for few people consider it in the least wrong to defraud the Government.

It is for these reasons that the importers, at their own expense and at a cost of many thousands of dollars, have been maintaining an association (the American Jewelers' Protective Association) for the purpose of cooperating with and supplementing the work of the Government in its efforts to reduce to a minimum the practices of smuggling and undervaluing to which our trade, by its nature, is peculiarly exposed.

All of which is respectfully submitted by the following committee representing firms and individuals throughout the United States:

Ludwig Nissen, chairman, Emanuel Arnstein, H. H. Butts, Michael Dreicer, Harry Durand, Jacob Goodfriend, Arthur Henius, Arthur Lorsch, Lee Reichmann, St. John Wood.

PARAGRAPH 449—PRECIOUS STONES.By **LUDWIG NISSEN.**

GENTLEMEN: I represent, with other members of our committee, who are here, the diamond, pearl, precious and semiprecious stone interests of the United States, from New York to California and from Maine to Texas, including all branches of the trade, namely, the cutters, importers, jobbers, manufacturers who use these stones in their products, retailers, and the workmen employed in the cutting establishments. And, though I have no warrant from them, I know that I represent the interests of all the consumers of these commodities who buy their articles of adornment and pleasure within the borders of this country. We are here to ask you to maintain the present status of schedules 449 and 555, which cover all the articles before mentioned. To the ordinary mind it would seem that, as certain necessities of life are made to bear a higher percentage of duty, these articles of luxury could be made to bear a higher duty than is now imposed upon them. Experience of the past, however, has shown that a higher duty than is now levied can not be collected. Up to the time of the enactment of the Wilson bill the duty on these commodities was never higher than 10 per cent ad valorem. Representations were then made to the Committee on Ways and Means that the higher the duty the lower would be the revenue accruing from the importations of these goods. Nevertheless the duty at that time was placed at 25 per cent on all finished goods and 10 per cent on the rough, with the result that during the operation of that bill the revenue dropped to less than one-half of what it had been for the three previous years under a duty of 10 per cent on finished goods and rough on the free list, though it should have been increased from 150 to 200 per cent. Two years later, after the duty had been reduced again to what it had been before the Wilson bill, and as it has remained since, the revenue was more than four times as large as it had been during the last year of that bill. But, besides these disastrous effects upon the collection of revenue, it had the still wider effect of putting the honest importer practically out of business. Gentlemen, there are hundreds of millions of dollars invested in our business and we deem it proper to ask you not to allow these investments of American capital to become the prey of foreign pirates who will succeed in getting their goods into this market without much danger of being apprehended, for, with our immense coast lines east and west and the long stretches of border lines north and south the Government can not possibly detect and prevent smuggling of articles of which you can put a million dollars' worth into one man's pockets without indicating that he has anything. We submit that from a revenue producing standpoint the schedules covering our particular line of goods are the best that could possibly be devised, and we trust that you will not deem it necessary to put this statement to the test of further demonstration than the proof furnished by the operation of the Wilson bill. We have gone into more details in the brief which has been filed with your committee, and I shall say nothing further unless it is in answer to questions that may be asked of me.

TESTIMONY OF COL. H. H. TREADWELL, NEW YORK CITY.

The **CHAIRMAN.** The next witness is Col. H. H. Treadwell, representing Tiffany & Co., Fifth Avenue, New York City.

The witness was duly sworn by the chairman.

Mr. TREADWELL. Mr. Chairman and gentlemen, as the question is of such vital importance to our business, we venture to address you regarding paragraph 449 of the precious-stone schedule of the tariff act of 1909 and to solicit your aid and interest in having it remain as it now reads.

The important considerations in the settlement of the rates to be adopted are:

First. At what rate will the Government receive the largest revenue which can be collected from these goods?

Second. At what rate will the industry of cutting and polishing in this country receive the greatest possible protection; and,

Third. Shall the business be carried on by reputable merchants or allowed to revert to smugglers?

PARAGRAPH 449—PRECIOUS STONES.

It is our conscientious opinion, based upon long experience and intimate knowledge of the precious-stone market, that a tariff of over 10 per cent is largely uncollectible, for the reason that the value of the merchandise affected is so enormous that any advance whatever over the rate of 10 per cent places so great a profit upon smuggling that it will be simply impossible for the honest importer to meet the competition.

Facts and figures prove that with the duty of 10 per cent a large amount of revenue has been collected and that a higher rate of duty can not be collected. We submit practical examples for the year 1893, under the McKinley bill, with a rate of duty at 10 per cent, and for the year 1896, under the Wilson bill, with a rate of duty at 25 per cent:

	Value of cut stones imported.	Rate of duty.	Duty collected.
		<i>Per cent.</i>	
1893.....	\$14,740,929	10	\$1,474,092
1896.....	2,768,469	25	692,117
Showing a loss of revenue to this Government of.....			781,975

When in 1898 the duties were reduced to 10 per cent under the Dingley bill, the importations for the first year amounted to \$12,-934,752, and they have steadily increased in value up to the present time, and in 1912 they amounted to approximately \$31,016,389.

Any duty upon rough or uncut diamonds is impracticable, for the reason that there is no one in the Government employ or available to the Government capable of valuing uncut stones. This, in our opinion, will lead to wholesale undervaluations.

The CHAIRMAN. Mr. Treadwell, I understand that your argument is that although diamonds are a luxury, if we could collect a tax, we would be justified in greatly increasing this duty, yet, if we do increase the duty, it will result in so much smuggling that we would not increase the revenue?

Mr. TREADWELL. That has been our experience, Mr. Chairman.

The CHAIRMAN. I think we understand that.

Mr. TREADWELL. Thank you, sir.

The CHAIRMAN. There are several witnesses on the list representing a wholesale saddlery association, but Mr. Campbell told me to-day that he was expecting to speak for them to-morrow morning, so I will not call those names.

The next witness is Mr. William E. Humphrey. Is he here?

Mr. FORDNEY. Mr. Humphrey requested me to have his name presented. He wants to talk before we get through with the hearings.

The CHAIRMAN. I had his name presented for Friday.

Mr. FORDNEY. Will it be agreeable to the chairman if he comes here to-morrow?

The CHAIRMAN. I understood that he wants to speak on Friday.

Mr. FORDNEY. Do you understand that?

The CHAIRMAN. He told me so to-day.

Mr. FORDNEY. I did not know that. Thank you.

PARAGRAPH 449—PRECIOUS STONES.

BRIEF OF JAMES O. CARR, ATTORNEY FOR THE GENERAL ELECTRIC CO.

[Memorandum regarding the assessment of a duty of 50 per cent upon sapphire instrument jewels by the United States customs.]

1. Sapphires are precious stones and must be treated as such when duty is assessed.

An examination of the Dictionary shows that the sapphire is a precious stone and is so considered in the interpretation of the name and its use through the ages. In fact, it has from time immemorial been treated as a gem and a precious stone by people of all classes and in all parts of the world. It can make no difference what use is to be made of it, the sapphire remains always a precious stone.

That the Treasury Department of the United States has always given this interpretation to sapphires and to sapphire meter jewels is borne out by an examination of rulings of the department as follows: SS. 25865 and 26014-24577 G. A. 5382, July 16, 1903.

The Government has also always recognized rough sapphires as precious stones, for they have been classed with diamonds "and other" precious "stones" and admitted free of duty under paragraph 545 of the Dingley law, so-called, and a ruling has been made by the department with reference thereto. (See SS. 13809.)

2. The United States Government has definitely determined that sapphires are precious stones and that they are only liable to a duty of 10 per cent under the Dingley law.

A situation similar to the present one has been up for discussion before when the question of paying a higher duty was considered, and the matter was gone into very thoroughly on behalf of the present claimant, and as a result the Government decided that its contention was right and thereafter only 10 per cent was assessed and the Government was compelled to make a large refund. (See Treasury Department rulings, SS. 25865 and 26014.)

These rulings determined that the sapphire jewels came under section 435 of the Dingley law covering "Diamonds and other precious stones." They also went so far as to cover rough sapphire and to determine that it was a precious stone entitled to come in free of duty under section 545 of the Dingley law. (See ruling SS. 13809.)

3. There is no warrant or authority for the Government ruling assessing a duty of 50 per cent on sapphire instrument jewels under the present tariff law. Sapphire instrument jewels do not come under the heading of section 112 of the Payne law under which the duty is assessed, as an examination of that section will show. It refers to "marble, onyx, jet, etc., manufactured into other articles," * * * "agate, rock crystal, or other semiprecious stones" as being dutiable at 50 per cent, but makes this reservation, "except such as are cut into shapes or forms fitting them expressly for use in the construction of jewelry." Can it be said that a sapphire instrument jewel resembles anything mentioned in this section? Certainly not. A sapphire is a precious stone and must be so treated when considering the question of customs duties.

The paragraph in the old law corresponding to section 112 in the new law is section 115.

The nearest resemblance in the new law to section 435 in the old law is section 449, but that does not specifically cover the present case, as will be pointed out. This section 449 covers "Diamonds, etc., and other precious stones, cut, but not set, and suitable for use in the manufacture of jewelry, 10 per cent ad valorem." The words "and suitable for use in the manufacture of jewelry" do not appear in the old law, but are in the new. It was not the intent of Congress by this section to levy a tax on necessities for use in the manufacture of articles other than jewelry and to allow luxuries to be exempt from duty. This is an argument which it is believed will not be disputed.

It is interesting to note that sapphire jewels for compasses, which are exactly the same class and kind of jewels in every respect as the jewels upon which the assessment of 50 per cent has been made, were covered specifically by section 435 of the old law, by reason of the rulings of the General Appraisers aforesaid, and it can not be conceived upon what grounds they are now eliminated from the same provisions that have always governed heretofore and an attempt made to assess them at 50 per cent when it is seriously contended that there is no provision in the new law which warrants the action.

4. The sapphire jewels in question properly come under the head of unclassified material.

PARAGRAPH 449—PRECIOUS STONES.

Nowhere in the new tariff act is there any section which squarely mentions sapphires or provides for the duty upon them for uses such as meter jewels. Certainly section 112 does not cover them nor does section 449, because that section provides that the precious stones must be suitable for use in the manufacture of jewelry, and that provision bars the sapphire meter jewels, as it is not believed they would be suitable for that purpose. Eliminating that sentence providing for what purpose they are to be used and the section would cover sapphire instrument jewels squarely. Section 555 of the law certainly does not cover sapphire instrument jewels, because they have been advanced from their natural state by cutting and grinding.

If this reasoning is sound, then as unclassified materials the sapphire instrument jewels would be governed by the provisions of section 481 of the Payne bill, which provides that an imported article not enumerated shall pay the same duty as the enumerated article it most resembles.

This being so, it will be discovered from an examination of section 192 that it covers jewels for use in the manufacture of watches and clocks, and therefore jewels for use in the manufacture of electric indicating instruments, such as voltmeters and ammeters, which are used for measuring or indicating purposes, should come in and be assessable under this classification, which would mean a duty of 10 per cent; as has been contended for at all times by the present objector.

If it is contended that the sapphire instrument jewels can not be classified under this section, then it must be that they would be entitled to classification under section 449, with other precious stones, as the fact that they were not to be used in the manufacture of jewelry, but in the manufacture of measuring or indicating instruments, does not destroy the resemblance and character of these jewels to the other enumerated articles in this section.

5. Manufacturers who use sapphire jewels in articles which they manufacture should receive the most favorable consideration upon the question at issue, as the whole purpose of the Government is to stimulate, assist, and build up the manufacturing industry in every way possible consistent with good Government.

No argument is needed in support of this statement. The great manufacturing industry in this country has been assisted in every possible way for many years.

To withhold the delivery of sapphire meter jewels except upon payment of 50 per cent might seriously impair and curtail production pending a determination of the matter. In any event the cost of manufacture would be greatly increased in this one respect.

At present there are awaiting determination at the Lynn post office 9 packages valued at \$900 and 2 packages on the way valued at \$200. A duty of 50 per cent means a payment of \$550; a duty of 10 per cent means \$110. It can readily be seen that the matter is serious and merits prompt attention. Shipments valued at about \$200 arrive almost every week, so the amount involved is very considerable.

It is seriously contended that there was never any real intention when the Payne bill was passed to assess any such duty on sapphire jewels for use in the manufacture of indicating instruments, and it is respectfully requested that the rulings be corrected so that a duty of only 10 per cent shall be assessed and that the shipments which are now held up pending the payment of the 50 per cent duty may be promptly released and turned over to the General Electric Co. at Lynn so that it may have the jewels for use in its manufacturing business and that the necessary ruling may be made so that this matter will be effectually disposed of.

Respectfully submitted.

JAMES O. CARR,
Attorney for General Electric Co.

SCHENECTADY, N. Y., February 20, 1912.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I would like to present for the consideration of your committee a matter which I think should be considered at such time as any consideration is given to the subject of duty on precious stones. Under section 449 of the tariff act of 1909, it provides that precious stones cut but not set, and suitable for use in the manufacture of jewelry shall pay a duty of 10 per cent ad valorem. The act also provides in section 192 that all jewels for use in the manufacture of watches or clocks shall pay the same rate of duty. We import large quantities of sapphire meter jewels for use in recording instruments, and notwithstanding our contention that these jewels are dutiable at 10 per cent ad valorem, either under the provisions of section 449 or by

PARAGRAPH 449—PRECIOUS STONES.

similitude under section 192, we have so far been unsuccessful and the customs authorities have maintained that the jewels should pay a duty of 20 per cent as unenumerated manufactured articles under provisions of section 480. Many of these jewels which we import are almost identical with watch jewels except that they do not have a hole bored clear through the jewel. There is no reason why jewels which are used in the electrical industry should be made to pay a higher duty than jewels used in the watch industry simply because one has a hole and the other is without. Then, again, sapphires have from time immemorial been considered as and they are one of the precious stones, and prior to the 1909 act they have always been imported by us at a 10 per cent duty under the heading of precious jewels cut but not set. I understand that the clause in section 449, reading "and suitable for use in the manufacture of jewelry" did not appear in the tariff act of 1897, but that its first appearance was in the act of 1909. Why it was put in, I do not know.

We believe that there should be no discrimination in these jewels, and in many ways, we see no reason why there should be any duty on them whatever. My purpose in writing this letter is to ask if your committee will not give this matter consideration, and if it is deemed advisable, give us an opportunity to be heard upon the subject, as it is a matter of considerable importance to the manufacturers in the electrical industry.

Very truly, yours,

JAMES O. CARR.

BRIEF OF DIAMOND WORKERS PROTECTIVE UNION.

NEW YORK, *January 23, 1913.*

The COMMITTEE ON WAYS AND MEANS:

We, the undersigned, officers of the Diamond Workers Protective Union of America, respectfully submit to your consideration reasons why the present tariff on the schedule of diamonds, which is, the rough diamonds on the free list and a duty of 10 per cent ad valorem on the cut diamonds, should not be changed.

The diamond-cutting industry was practically unknown in this country until the Wilson bill caused a number of American importers and European manufacturers, in 1893, to erect diamond-cutting plants in this country. The tariff then called for 10 per cent duty on the rough and 25 per cent on cut diamonds. It was then said that because of the high duty large quantities of diamonds were smuggled into this country, which caused tremendous losses to the manufacturers who were forced to close their plants before the summer of 1896, and the workmen found themselves doomed to a very long period of idleness with all the miseries of the unemployed.

Not until the Dingley bill, stipulating the present schedule on the importations of diamonds, became an act, September 1, 1897, were the diamond workers able to find employment again. With rough diamonds on the free list and 10 per cent duty on the cut diamonds, several plants were opened again, but a number of manufacturers had sustained such great financial losses under the Wilson schedule that they did not reenter the field.

With rough diamonds on the free list, the manufacturer can commence the cutting of his article at an equal base with the European manufacturer, and the 10 per cent duty, which is placed on the cut diamonds, is a margin about sufficient to cover the higher expenses which the American manufacturer has to meet in the process of cutting as compared to the European manufacturer who operates in countries where the standard of money is lower and consequently rent for factories, wages, salaries, etc., are less than in this country.

The fact that our Government collected hardly any revenue from the importation of diamonds with the high tariff under the Wilson bill, while these revenues have been constantly increasing after 1897, with the rough diamonds on the free list and the moderate, but collectable, 10 per cent duty on the cut diamonds, is another fact in favor of the present schedule.

We beg you to consider that a change in the tariff from what it is now will deprive us of the protection which our industry needs in this country. It would mean that about 650 men, now engaged in our industry, about one-half of them born in this country and almost all citizens, thrifty and worthy people, all of whom have spent the best part of their lives in this country and raised their families here, will be reduced from a comparative prosperity to absolute ruination because they will find the factories definitely closed on them.

For the Diamond Workers Protective Union of America.

ANDREW MEYER, *President.*
THEO. QUETS, *Secretary.*

PARAGRAPH 449—PRECIOUS STONES.

BRIEF OF THE VALLORBE JEWEL CO., LANCASTER, PA.

LANCASTER, PA., January 30, 1913.

OSCAR W. UNDERWOOD, Esq.,

*Chairman of Ways and Means Committee,**House of Representatives, Washington, D. C.*

DEAR SIR: Understanding that the committee of which you are chairman is in the midst of compiling data on sundry items under the sundry schedule of the anticipated new tariff bill, we are accordingly submitting the following enlightenment on what we consider as being very defective under the present tariff law.

The word "jewels" to the layman suggests an article of luxury; however, in this case our subject concerns stone bearings commonly known as "jewels" or jewel bearings for instruments of precision, etc., and quite contrary to the common impression of their being items of luxury they are indeed very necessary articles in that acting as a bearing in the small instruments in which they are used they perform the same function as ball bearings do to larger machinery, i. e., insure long life and constitute a practically indestructible bearing to the instrument, and also reduce friction to the minimum; being manufactured of precious and semiprecious stones they are much harder than any metal is, including the hardest of steel metals, and this very hardness permits of a higher polish which, besides reducing friction, also will last indefinitely as the polish on metal would wear away, being acted on by atmospheric conditions.

Were it not for these jewel bearings a watch, clock, or meter would wear down and become useless for positive accuracy within a year; so with these explanations you will appreciate "jewels for mechanical purposes as being articles of actual necessity."

Coming to the subject of what we mentioned as being defective in the present Payne tariff law, will say that under paragraph 192, Schedule C of this law, watch and clock jewels are especially provided for to pay an ad valorem duty of 10 per cent, however, this provision should have been made broader in its scope, as to include jewels for electric, water, and gas meters, tachometers, recording meters, scales, talking machines, and all other instruments of precision, and be so broad as to involve in its language all jewels, tools, etc., made of precious, semiprecious, and all other stones or mineral substances to be used for the same purpose that metal was previously used for, but to be for practical mechanical purposes and to be considered entirely separate from precious and semiprecious stones used for ornamental luxurious purposes.

As it is now and has been, all jewels or stone bearings for purposes other than watch or clock uses paid a duty of 50 per cent under paragraph 112, Schedule B, Payne tariff law, several years ago, simply because they were an unenumerated article not especially provided for in this said Payne tariff law, but which should have been provided for just as much as watch and clock jewels were, for the same arguments or reasons for especially providing for watch and clock jewels at the rate they pay (10 per cent), are exactly the same for all other jewels for all other mechanical purposes, so being inconsistent we think this feature is defective under the present law, since there are as many of the other jewels used as watch and clock jewels.

As a result of the collector of customs demanding 50 per cent duty on jewels other than watch and clock jewels, the users and importers of said jewels protested the rate, but were unsuccessful in getting the rate to be the same as for watch and clock jewels, i. e., 10 per cent, the customs court, however, fixing the rate at 20 per cent under paragraph 480 of Schedule N; however, now the Treasury Department made a recommendation that the said customs court review their former decision and gave the opinion that the rate should be 35 per cent under paragraph 95 of Schedule B.

You of course realize how uncertain and unsatisfactory it is for the importers and users of jewels other than watch and clock jewels to have to be subjected to varying rates and not to have a sound and firm basis on which to operate.

At the present time the value of the consumed jewels, other than watch and clock jewels, is as great or greater than these watch and clock jewels, and will continue so, yet they were not especially provided for in the Payne tariff law, as were watch and clock jewels, and under these circumstances we believe that you will agree with us that if watch and clock jewels were especially provided for to pay a certain rate of duty under this said law, that jewels for all other mechanical instruments of precision should have also been especially provided for to pay the same rate of duty under the same paragraph.

We therefore hope that when you come to deliberate on the subject of the rate of duty that watch and clock jewels are to pay that you will broaden its scope as to include under the same paragraph and the same rate the following, also in language

PARAGRAPH 450—HIDES.

to be specific in its analysis as follows: Jewels or bearings made of precious, semi-precious or synthetic stones or other artificial or natural mineral substances for use in watches, clocks, electric, gas, or water meters, phonographs, talking machines, scales, speedometers, and all other mechanical instruments or appliances, also including phonograph recorders, reproducers, and shaving knives made of the foregoing substances, all of the foregoing to pay the same rate of duty when imported in the loose and unmounted form, whether entirely finished or partly finished. When any of the foregoing are mounted in brass or other metal holders, screws, bushings, and settings to pay a higher rate.

It is our sincere hope that you will consider this and that we might hear from you at your convenience as to what your own personal opinion is of this suggestion.

Thanking you in advance, we are, yours, very gratefully,

VALLORBER JEWEL CO.

PARAGRAPH 450.

Hides of cattle, raw or uncured, whether dry, salted, or pickled, shall be admitted free of duty: Provided, That on and after October first, nineteen hundred and nine, grain, buff, and split leather shall pay a duty of seven and one-half per centum ad valorem; that all boots and shoes, made wholly or in chief value of leather made from cattle hides and cattle skins of whatever weight, of cattle of the bovine species, including calfskins, shall pay a duty of ten per centum ad valorem; that harness, saddles and saddlery, in sets or in parts, finished or unfinished, composed wholly or in chief value of leather, shall pay a duty of twenty per centum ad valorem.

HIDES.**BRIEF OF DAVID BRAMER, ALLSTON, MASS.****IMPORT DUTIES ON HIDES, BOOTS, AND SHOES.**

ALLSTON, MASS., *January 4, 1913.*

To the Committee on Ways and Means of the Sixty-second Congress:

A few years ago a Massachusetts Senator, addressing a large and enthusiastic audience of his constituents, made this statement: "You can have protection for all or you can have free trade for all; but you can not have protection for some and free trade for some." This seemed to be a very fair and reasonable sentiment. In practice, however, the Senator worked and voted for free trade in hides for the farmer and protection for the shoe manufacturer. The excuses given for this action were two, neither of which would bear close examination. One was that hides were a "by-product" and that no one raised cattle for this purpose. It was claimed that all money received from the sale of hides was so much clear gain to the farmer. A farm is, of course, run for profit, just the same as any other business, and the farmer is entitled to all he can make legitimately. Hides are as much a source of profit as beef, milk, or tallow. Were the rule of "by-products" to be put in force many things besides hides would go to the free list. In fact, it would be impossible to draw the line. No manufacturer would be willing to have this rule of "by-products" applied to his business. He would insist that each item bear its part of the burden. Why, then, should the farmer be expected to submit to it? It so happens that hides are the one universal product of the farms of this country, and that practically every farmer is directly interested in maintaining prices. A duty would add at once to the income of all farmers in the United States, and who will dispute the proposition that they need this increase as much or more than the manufacturers do? Certainly the farmer and his family work long hours for comparatively small returns, and they need every encouragement. The farm laborers also work for low wages, which should be increased.

The second reason given for free hides was that the duty benefited the so-called Beef Trust. The answer to this is that the price of cattle is directly dependent on the amount which the animal brings to the packers, and this return is from all salable parts. As beef has advanced in price cattle returns have been larger to the grower, proving conclusively that the packers must of necessity divide with the farmer.

It is now a well-known fact that the duties on hides can not be restored. No political party could survive such action. The consumers of boots, shoes, harness, and other leather goods would not tolerate the price increases sure to follow. What, then, can

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be done to insure a measure of justice to the farmer? Nothing but the removal of the duty on boots, shoes, and harness. We are exporters of these goods and have demonstrated our ability to compete with the whole world. The loss to the shoe manufacturer would be small, while the loss to the American farmer due to free hides is large and, as already stated, hits practically everyone. The most simple rules of justice demand that hides, boots, shoes, and harness shall be treated alike—either free trade for all or protection for all.

DAVID BRAMER.

PARAGRAPH 451.

Band, bend, or belting leather, rough leather, and sole leather, five per centum ad valorem; dressed upper and all other leather, calfskins tanned or tanned and dressed, kangaroo, sheep and goat skins (including lamb and kid skins) dressed and finished, other skins and bookbinders' calfskins, all the foregoing not specially provided for in this section, fifteen per centum ad valorem; chamois skin, twenty per centum ad valorem; skins for morocco, tanned but unfinished, five per centum ad valorem; patent, japanned, varnished, or enameled leather weighing not over ten pounds per dozen hides or skins, twenty-seven cents per pound and fifteen per centum ad valorem; if weighing over ten pounds and not over twenty-five pounds per dozen, twenty-seven cents per pound and eight per centum ad valorem; if weighing over twenty-five pounds per dozen, twenty cents per pound and ten per centum ad valorem; pianoforte leather and pianoforte-action leather, and glove leather, twenty per centum ad valorem; leather shoe laces, finished or unfinished, fifty cents per gross pairs and ten per centum ad valorem; boots and shoes made of leather, fifteen per centum ad valorem: Provided, That leather cut into shoe uppers or vamps or other forms, suitable for conversion into manufactured articles, and gauffre leather, shall pay a duty of ten per centum ad valorem in addition to the duty imposed by this paragraph on leather of the same character as that from which they are cut.

LEATHER.**TESTIMONY OF FREDERICK W. CLARKE, 83 SOUTH STREET, BOSTON, MASS.**

The witness was duly sworn by the chairman.

Mr. CLARKE. You have heard to-day a great deal about the manufacture of boots and shoes, but if the shoe manufacturer had to depend on the raw hides I do not think he would get very far in his process. They need the intervention of a very necessary and very ancient artificer known as a tanner.

In listening to the long series of briefs which are filed with you by representatives of different productive industries, you must, consciously or unconsciously, refer the petitioners into two classes: One who confessedly represent industries or great corporations now benefiting under high tariffs which exclude foreign competition, while at the same time they have to a greater or less extent been enabled through combination or otherwise to maintain high prices and secure for themselves swollen profits behind the barrier of protection. This would be one class. The other class would include industries whose protection is already among the lowest on the list, amongst whom competition is keen, who are doing their business at a minimum of profit and who have in no way been able to increase their profits because of any protection which the Government afforded them; businesses which are open to free competition and against whom no charge can be made of monopoly or extortion. All the industries of the country can be referred into one or the other of these two groups.

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In common with all ordinary American citizens who are consumers we share with you our desire that those in the first group shall no longer be able to create monopolies in this country, protected in the same by tariffs excluding the products of other countries. It is to them the good of the commonwealth demands your attention.

Regarding those composing the second group, producing industries without monopolies, without exclusive control of the raw material of their trade, and having within them all the elements of keen competition which serves at all times to give the greatest service with the minimum living profit, we would ask your most careful consideration in connection with any legislation involving a disturbance of the present low tariffs on their business which would open the way for destructive competition from the low-cost labor of Europe. I am more especially treating of this manufacture of calf leather, in which I am directly interested.

The time is approaching all over the world when the labor cost will be nearer equivalent one country to another. The universal introduction of machinery will call for a more intelligent laborer and a higher-paid laborer abroad as well as at home, for ignorant hands can not compete with intelligently manned machinery. But that time is not yet here, and until it arrives our home labor, with all the ramifications of its needs for the worker, demands so much protection as shall defend them in their present enjoyment of comforts.

It is not necessary in preparing this short statement for your consideration to frame an argument with an endeavor to conceal any method of transacting our business, past or present, or design to deal unfairly with any individual, or to sell cheaply abroad and at the same time maintain high prices at home, or combine in any method, either secret or public, to raise or lower or monopolize any article, raw or manufactured, in our trade. The prosperity of the shoe and leather business rests on the independent and solid foundation laid years ago by the workmen of our craft with honest thrift, unaided by grant, privilege, subvention, or tariff by Government, and it is to-day one of the solitary few monuments of the individual working and independent effort left standing, a beacon rising above the jumble and débris of combinations and trusts.

I am interested in a manufacturing industry that is located in the Middle West.

We require a tariff no higher than is necessary to maintain our industry on a normal basis of moderate profits.

This is always determined by selling prices resulting from a condition of free competition.

The leather industry never has had to contend with an injurious trust or combination.

Leather manufacturers compete freely with one another and have equal opportunity in the purchase of their raw material.

The prices at which they sell under such conditions of free competition should be the basis of any tariff measure enacted for their protection.

But there are conditions entering into the manufacture of leather so entirely different from other industries that it should have special consideration.

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I refer particularly to the sources from which tanners draw their raw material, considering first the domestic supply of raw hides and skins.

In the year 1900 there were in the United States for every 100 inhabitants 83 cattle.

In the year 1912 there were for every 100 inhabitants 61 cattle.

In other words, the supply was one-third greater 12 years ago than it is to-day.

The supply of cattle being one-third greater naturally the annual take-off of hides was one-third greater 12 years ago than it is to-day.

Meanwhile, the demand for leather has greatly increased and tanners have been obliged to go abroad to meet not only a deficiency but also an increased demand.

In the calfskin business at the present time farmers in this country are raising their cattle to secure economic conditions based upon proper methods of farming, and the slaughter of calves has greatly decreased thereby.

Twenty years ago nearly the entire supply of raw calfskins required by tanners in this country were produced at home.

To-day from 70 to 80 per cent of the raw calfskins required by American tanners must be obtained outside of this country.

The largest calfskin tanneries in the world are located in Germany, two especially, those of Heyl and Freudenberg, greatly exceed in their output the largest of our American calfskin tanneries. Their growth, fostered by the paternal system of the German Government, has been the phenomenon of the last 20 years. Their greatest advantages have been, first, their proximity to the largest source of supply of raw skins, namely, the semicivilized steppes of Russia, and secondly, the cheap labor. With these two advantages, they have invaded every market of the world, except America. They drove American tanners out of the free-trade market of England, are crowding us out of the few places where we have yet more or less desirable business. Our present moderate duty alone prevents their shipping great quantities of finished leather into the United States. When upper leather in America was largely tanned with bark, we had an advantage in the cheapness of our tanning material, but at the present time the volume of upper leather is tanned with bichromate of potash, which is equally accessible to Europe as well as the American tanners. This makes a condition so menacing that the American calfskin tanner feels himself at a great disadvantage. But this is only a part, and the least part, of the danger that threatens the American calfskin tanner.

Consider that the home production of raw calfskins is so inadequate that the American tanner must buy 80 per cent of his raw skins in foreign countries.

And further consider that the greater part of this 80 per cent of the supply of raw skins must pass the doors of the great German tanners before being fairly en route for this country.

Consider also the advantage in purchasing enjoyed by the European tanners and the disadvantage which great distance, brokerage, freights, and all the minor tribute which Europe levies on goods designed for competitors' countries.

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Consider carefully what this makes the raw material cost American tanners landed at their tanneries, and then add to this burden the higher wage needed to satisfy the demand of the American workmen, and it will be seen that there is no opportunity for swollen profits for the American tanner.

We are now engaged in a constant struggle with the European tanner to secure in territory which he considers his own sufficient raw skins to satisfy the requirements of our home trade for finished leather. Our only protection in this somewhat unequal struggle is the low tariff which keeps out the European finished product. Internal competition among ourselves keeps the profit at a minimum.

Against the wage scale we make no protest. It is the measure of the cost of living in terms of exchange of services, and the whole fabric must stand together. But it is this great mass of human beings deriving their support from our industry that must be crushed by the pressure of foreign competition, if the small protection our Government now affords us is swept away. German paternalism may maintain the body of German workers in a condition of dull mendicancy, but the American workingman flings aside the proffer of an old-age pittance and asks for space and opportunity to turn his brain and muscle into a just share for himself and his family.

The leather manufacturers of this country are dependent upon imports of raw material from foreign countries to an extent which is now causing most serious consideration of the trade. As many hides are imported from foreign countries as are taken off in the United States by all the Chicago packers combined, and of calfskins 80 per cent of the amount tanned by American tanners are bought in foreign countries and brought to the American tanners to manufacture. This emphatically proves the need of free raw material for the trade uncontrolled by combination of packers and equally accessible to the smallest as well as the largest tanner. This is the condition of the raw material without the addition of American labor to convert it into leather. Consider the present moderate duty swept away and the great market of this country open to the flood of foreign-made leather. The demands of foreign tanners for rawhides would greatly increase in order to enable them to supply this market in addition to the business which they already have, and they will become more determined in their efforts to secure still larger quantities of hides and skins in the world's markets, making it more difficult than now for American tanners to secure their supplies in the world's markets. The fight to secure our share of raw material has forced the market for rawhides and skins beyond all normal records of the past. We may see prices of rawhides and skins and the resulting leather and shoes forced to a still higher and more difficult position. Our supply of raw skins in this country to-day is inadequate and is yearly becoming more and more deficient, and we, therefore, protest against increasing the difficulty of securing such supplies as we require.

The American leather trade is to-day struggling against conditions more difficult and serious than ever before encountered in the history of this country. An increasing home demand for leather in the form of shoes and other products and a gradual but cer-

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tain diminishing in the supply of raw hides and skins compels us to look to foreign countries for our supplies of raw skins. In these foreign hide markets we meet with determined efforts of the foreigners to retain for their own use their production of hides and skins to cover their own requirements. Open this country to the free imports of foreign-made leather and conceive, if you can, the increased requirements of the foreign tanner for raw hides and consider the position forced upon the American tanner, who would buy hides in the world's markets. Inevitably higher prices must result from such a disturbance of the world's markets, which even now are far removed from that condition of stable equilibrium which is only consistent with the safe and profitable prosecution of any form of protective industry.

Compelled as we are to buy so large a share of our raw material abroad, contending against all the advantages possessed by European tanners because of their local buying organizations and their nearness to the source of supply, it can be seen that we have an excessive cost to pay in order to take this raw material from their territory and bring it to our American tanneries.

One hundred raw calfskins which we buy in Europe weigh 800 pounds, upon which we have to pay the freight and expenses to land them in our American tanneries.

The German tanner taking these raw skins from his immediate neighborhood can tan them and finish them, by which process their weight is reduced, so that 100 finished calfskins weigh only a little over 100 pounds, on which the European tanner would pay the freight, or, in other words, he would ship the finished product on a freight basis of one-eighth of the weight of the raw material.

The opportunity of obtaining our supply of raw material was given us when the duty was taken off hides.

This saved the trade from the unfair competition of the large packers, many of whom are now tanning their own take-off.

We wish this free import of the raw material to continue, but we need a moderate tariff against foreign leathers not only to offset the expense of freight on raw hides and skins to this market but also to make up the differential in the labor cost between foreign and home produced leather.

For the purpose of revenue and at the same time placing the American tanners on a competitive basis with the European tanners, I should propose a duty of 10 per cent instead of 15 per cent as it now stands.

We ask the retention of the small duty on leather for the benefit of the great body of proprietors of moderate capital who now, having their raw material free and equally accessible to all, have freedom of opportunity unsurpassed in any other great industry, an industry where small beginnings still having a chance to prosper and grow, have resulted in individual industry and individual ability, an industry that never has had and does not ask for any favors nor monopoly, but only such slight protection as shall enable them to give their employees a wage such as will maintain contentment and prosperity for the workmen as well as for the employer. No governmental favoritism in the shape of an extravagant tariff is asked for. This

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is neither a giant monopoly demanding favors or an infant industry begging for help. It is the army of producers of a human necessity presenting its just claim for such protection as will enable it to continue to pay a fair wage to its humblest wage earner.

It has been asked why free raw material did not bring about lower priced shoes, or, in other words, why shoes have cost more since the repeal of the hide tariff. Well, let us compare our local market to an estuary, cut from the ocean of the world's markets. The world-wide markets rise and fall like the tides of the ocean, whether the local market is cut off by a tariff wall or not. Remove the wall and the tides of the ocean roll on and rise and fall from influences world-wide. These influences have been at work since the duty on hides was removed, and will continue to ebb and flow, reducing to a level home and foreign prices.

We are not averse to subscribing to a tariff for revenue only. Looking back to the period from 1812 to 1862 we note that internal revenue was an unconsidered item, and after allowing for all the revenue very moderate methods may derive from a great accumulation of wealth, from excessive incomes, and from all luxuries, there will still remain a deficit of several hundred million dollars to be provided for by wise and equitable tariff, a tariff that should be wisely and not abruptly reduced as other sources of governmental income may develop. We submit that taking the present average of duty on dutiable articles of 40 per cent and the present duty on shoes and leather of 15 per cent, the shoe trade have been reduced in protection offered them to the lowest terms of a nominal duty. While there are other products to which attention had better be bestowed, we are committed to the forms of the tariff, but they should be equitable; we are committed to withdraw the protection that swells the profits of a few and collects tribute from the many; but the leather trade is not of this sort, and we ask your careful consideration of our request for the maintenance of a moderate duty for the present at least until it can be demonstrated that this great industry can without injury sustain a further reduction.

No organized lobby has ever pushed the claims of this great industry for assistance. Working in separate localities and with no solidarity of organization, they appear before you only when it seems imperative for their existence to lay before you facts which should be a basis for your decision.

To withdraw the slight differential which now checks the inflow of foreign leather will precipitate a labor contest within the trade. In no other item can costs of manufacturing be reduced. This means a destructive conflict and in the end a denial to the laborer of a fair share of the product, which we wish definitely to avoid. There is every reason to believe that the year 1913 will see the United States established as the greatest of the world powers, greatest in commerce as well as in other respects, and as the shoe and leather trade is one of the great industries of the country, having now the advantage of free raw material and equal opportunity for all to secure it, and as this trade has within it no monopolies or combinations taking swollen profits from the consumer, but is composed of individual concerns working on legitimate margins, we ask your careful consideration of

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the requests of this great industry to refrain from disturbing the present adjustment of the trade, lest the balance now so closely adjusted be disturbed and an issue be forced upon the trade involving a contest with labor and a resulting check to the present distribution of the income of the business in which the wages of labor have their full and generous portion.

The leather trade does not ask for a tariff against importations that will enable them to pile up great profits in a single year. The industry—with but few exceptions is made up of individual concerns competing keenly with each other and at every point maintaining the place only by the strictest economy in manufacture and strenuous efforts to keep the good will and trade of their customers. The large concerns have become large because of the excellence of their product and their fitness to stand the hardest competition. It is clear that there are no swollen profits to be attacked and that there is no article of human needs made and sold at less margin of profit.

I have, therefore, endeavored to show, first, that the raw material of the leather trade, namely, raw hides and skins, now free of duty, is freely open to purchase of all in the trade and not controlled by any trust or combination to the detriment of outsiders; second, that this free raw material is converted into leather and shoes with the greatest economy and distributed by manufacturers at a margin of profit made small by the keenest competition; third, that there are no economies in production practiced by foreigners which we can not meet, except labor cost; fourth, that the removal of the present protection would nearly equal the labor cost of manufacture.

The position of the shoe and leather industry is, therefore, unique among all other protective industries, buying its raw materials in competition with all the world, paying the cost of carriage of raw material that is imported to their factories, manufacturing at the great economy, and selling at prices which show small margin.

This great industry is not piling up profits behind a wall of protection, but, on the other hand, asks only for the maintenance of a nominal duty in order to be able to meet world competition in every item except labor cost. A withdrawal of this small protection would find no place to reduce the cost except to cut down the compensation of the laborer. If the difference in the labor cost of leather and shoes is compared with the difference of the cost of living in Europe and America, it would be found that the removal of the duty would compel American laborers to subsist on less than the European cost, and in passing, might we suggest that considering the reduction of tariff, the labor item in relation to the cost, that item should be the basis of protection, and when this is determined as a basis, then the methods of collecting the necessary revenue, and after that nothing additional should be either asked or enacted. If shoe and leather workmen are to be clean, comfortable, well housed, well washed, and well fed, then the labor item in the cost of production of shoes and leather can not be reduced, and it is the only one which could be attacked in the event of the competition of free foreign imports.

The CHAIRMAN. Mr. Clarke, what is the value of the raw skin at the customhouse?

Mr. CLARKE. That depends.

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The CHAIRMAN. I mean the average.

Mr. CLARKE. Raw calfskins, which go into light leathers, green salted skins weigh about 8 pounds, as I stated. When you go into the heavier leathers, they weigh anywhere from 10 to 12 pounds.

The CHAIRMAN. What is the value at the customhouse?

Mr. CLARKE. Those skins are worth from \$1.75 up to \$2.50, depending upon their weight.

The CHAIRMAN. What is the value of those same skins if they come in here tanned?

Mr. CLARKE. A skin which is worth about \$1.60 in the raw state would be worth about between \$2 and \$2.25 tanned and finished.

The CHAIRMAN. Then, when the Payne committee took the duty off of hides and reduced your duty from 20 per cent to 15 per cent, they really gave you additional protection?

Mr. CLARKE. Calfskins have always been free. The duty was taken off from hides, but not calfskins.

The CHAIRMAN. You are right about that. That is, they were free by reason of the interpretation of the board and not by the act of Congress. They held that hides did not mean calfskins.

I notice that the amount of importations has fallen off in the last year or two; 1910 it was \$278,000; 1911, \$194,000; 1912, \$129,000; and the census of 1910 gave your total production of calfskins, tanned and dressed in this country, as valued at \$42,000,000. You have only a competitive rate at present of about one-fourth of 1 per cent.

Mr. CLARKE. You are referring to the importation of foreign skins?

The CHAIRMAN. The importation of foreign skins, as compared with the American production.

Mr. CLARKE. Yes, sir.

The CHAIRMAN. The rate of duty is practically prohibitive.

Mr. CLARKE. The 15 per cent is practically prohibitive, but a very slight differential of 1, 2, 3, 4, or 5 per cent would change that to a competitive basis at once.

The CHAIRMAN. You think 5 per cent would bring it to a competitive basis?

Mr. CLARKE. Yes, sir; I do.

The CHAIRMAN. Would allow as much as 4 or 5 per cent of importations?

Mr. CLARKE. Sir?

The CHAIRMAN. Would allow as much as 4 or 5 per cent of importations?

Mr. CLARKE. That is a question no one can answer, because there are so many other influences affecting the ebb and flow of merchandise than mere tariff. Tariff alone never either raised or depressed any raw material that I know anything about.

The CHAIRMAN. I am talking about the dressed hide now.

Mr. CLARKE. Well, the dressed hides follow the cost of the raw material. The great forces or tides that swing back and forth in the raw material occur entirely aside from all tariff items which may be introduced. That was seen when so much was said about having cheaper shoes if you took the duty off of hides, and at the time it occurred to me that that was a fallacy. The prices of

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shoes in this country will depend on the cost, the cost depends on the demand and supply of leather the world over, and the tariff is simply a differential, and these tides swing up and down entirely independent of the tariff. It has been a curious coincidence that regarding the war tariff of the Civil War, when it was enacted, at 15 per cent, it was said that hides would not be worth taking off in this country if you took the tariff off. It was taken off and hides immediately commenced to advance. Precisely the same condition ensued when the duty was taken off some few years ago. After the duty was taken off the prices commenced to advance. They never have gone back to the place they were in the nineties.

Mr. HULL. The farmer has not got anything to do with keeping the duty off of hides?

Mr. CLARKE. No, sir.

Mr. HULL. As a matter of fact, the real advantage of it was in equalizing the cost of raw material between the competing buyers?

Mr. CLARKE. Precisely. The American tanner went to South America to buy his hides, competed with the European tanner. If he had had an additional 15 per cent to pay after he had bought them in that competition, he was not a free bidder in the world's market, but you take that away, free competition ensued, and the price went up with such a powerful bidder as the American buyer.

Mr. HARRISON. Has there not been a very largely increased consumption of leather all over the world in the last few years?

Mr. CLARKE. Yes, there has; and at the same time the economic law has been proven that as countries become more settled the ratio of cattle or hide-bearing animals rather decreases to the number of inhabitants.

Mr. HARRISON. Did more advanced agriculture have anything to do with it?

Mr. CLARKE. There is one little machine used in western America called the milk separator, which enables the farmer to separate the cream from the milk and to feed the skimmed milk to the calves, and in that way a great many more calves are raised, whereas the great reservoir of hides, where we are all to-day, Europe and America, struggling to get our calfskins, is semicivilized Russia, where the poor peasants live, who kill their calves almost as soon as they are born. As Russia becomes more and more civilized the amount of calfskins we can get there will be less, and the fight will be more intense.

Mr. HARRISON. Suppose that leather went on the free list, as some kinds of leather did in the free-list bill that was vetoed by the President, would you then have any recommendation to make concerning tanning extracts?

Mr. CLARKE. Well, it would seem to me rather obvious that with leather on the free list, everything that goes into it, that makes up the composition ought to be equally free.

Mr. HARRISON. How large a proportion of the cost of production of leather would the tanning extracts be?

Mr. CLARKE. What class of leather would you say? Sole leather or calfskin?

Mr. HARRISON. Yes; on rough or sole leather?

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Mr. CLARKE. I should say the amount of bark or extract which goes into sole leather would be worth to-day in the neighborhood, depending on the weight of the sole leather, anywhere from \$1 to \$2 for each hide.

Mr. HARRISON. What per cent of the cost of production would that be? In other words, would it be a material restitution to the tanner to put tanning extracts upon the free list if his finished product was put upon the free list?

Mr. CLARKE. The tanning material would be an item in sole leather, about 20 per cent of the value of the completed, tanned leather.

Mr. HARRISON. That is a very considerable item of the expense?

Mr. CLARKE. Very considerable and necessary.

Mr. HARRISON. Will you tell us about the export trade? I have noticed in reading from the figures of the different classes here there is a very considerable export trade. For example, the article as to which you testified, calfskins, tanned and dressed, the imports for 1912 seemed to be \$129,344 worth, and the exports to be \$1,786,571. To what country do we export calfskins?

Mr. CLARKE. We exported a good many to England, but the Germans came over there and drove us out. I should say that trade was very varied. We have certain little specialties of calfskins which are on the luxury side; that is, those very fine, soft suedes, which make a very fine class of women's boots, colored leathers, and all that sort of thing.

Mr. HARRISON. Are those calfskins of American production tanned here, or are they skins which are imported from Russia and again exported?

Mr. CLARKE. They are imported. A part of them are American-grown calfskins, but the great majority of them are foreign-grown calfskins, but it is only those little specialty lines of calfskins which really have any sort of good trade abroad. We can not sell big staple lines of black calfskins abroad, and what little hold we have on markets now we are slowly being driven back. I know in our experience—and we are purchasers of very high-grade material—we have gone into Europe for the purpose of building up a trade there, but we have been forced to retire because the expense is such that it is not worth while doing it. We are exporting some to South America, but there again we are meeting the German, who is at least on an equal basis with us, if not a little better. So I do not consider that the million dollars which you show in there is anything on which we have any grip or any reason to believe is a basis for an extension of our business.

Mr. HARRISON. So far as the tanning business is concerned, is it not pretty fair evidence that we are now in the position where our cost of production of calfskins tanned is lower than that of other countries whom we undersell in the foreign market?

Mr. CLARKE. I endeavored to show, sir, that those are not staple calfskins, but fancy lines of skins where it is a matter of taste and perhaps a little better shade of color or some little technicality of manufacture in which we have a temporary advantage, but that does not constitute a big staple export of leather.

Mr. HARRISON. It is about 4 per cent of our total productions, according to my calculation.

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Mr. CLARKE. That would be 4 per cent out of twenty-five million?

Mr. HARRISON. \$1,700,000 out of \$42,000,000.

Mr. CLARKE. Yes, about 4 per cent.

The CHAIRMAN. That is all, Mr. Clarke.

TESTIMONY OF AUGUST H. VOGEL, ON BEHALF OF THE NATIONAL ASSOCIATION OF TANNERS.

The witness was duly sworn by the chairman.

Mr. VOGEL. Gentlemen of the committee, on behalf of the National Association of Tanners, representing a large part of the sole, belting, harness, calf, side, upper, and patent leather tanning interests of the country, we respectfully urge your consideration of the following facts in revising the duties on these commodities:

WIDE DISTRIBUTION.

The United States census for 1909 reports that the tanning industry, representing 919 tanning establishments, is controlled by 784 proprietors and firm members, with an invested capital of \$333,000,000. The product is valued at \$327,000,000. The wages amount to \$39,000,000, paid to 66,000 employees. The production is distributed over 39 States, from Maine to California. The industry is one of active, intense competition.

COMPARISON OF DINGLEY AND PAYNE TARIFFS.

The following tabulation shows the duties under the Dingley and Payne tariffs, and the percentage of reduction:

Articles.	Dingley tariff.	Payne tariff.	Percentage of reduction.
Rough leather.....	20 per cent.....	5 per cent.....	75 per cent.
Sole leather.....	do.....	do.....	Do.
Belting leather.....	do.....	do.....	Do.
Harness leather.....	do.....	15 per cent.....	25 per cent.
Calf leather.....	do.....	do.....	Do.
Side upper leather.....	do.....	7½ per cent.....	62½ per cent.
Patent leather:			
10 pounds weight or less, per dozen.....	30 cents per pound and 20 per cent.	27 cents per pound and 15 per cent.	10 per cent and 25 per cent.
10 to 25 pounds.....	30 cents per pound and 10 per cent.	27 cents per pound and 8 per cent.	10 per cent and 20 per cent.
25 pounds and over.....	20 cents per pound and 10 per cent.	20 cents per pound and 10 per cent.	No change.

LOW RATES ON LEATHER.

You will note from this tabulation that the rates of duty now in force are extremely low and are already permitting material competition from foreign markets. We have never sought high duties, but we do contend that this country should not be a dumping ground for the world's surplus of leather. The duties which we recommend are as low as can prevent such unfair competition.

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DUTIES RECOMMENDED.

After careful investigation, and in full recognition of the general demand for lower duties, we believe we can make concessions to this demand on harness, calf, and patent leather, but under no conditions should the duty be lower on sole, belting, rough, and side upper leathers. We recommend the following duties:

	Payne duties.	Recommended duties.	Per cent of reduction.
Sole leather.....	5 per cent.	5 per cent.	No change.
Belting leather.....	do	do	Do.
Rough leather.....	do	do	Do.
Side upper leather.....	7½ per cent.	7½ per cent.	Do.
Harness leather.....	15 per cent.	10 per cent.	33 per cent.
Calf leather.....	do	do	Do.
Patent leather:			
10 pounds weight or less per dozen.....	27 cents per pound and 15 per cent.		
10 pounds weight to 25 pounds.....	27 cents per pound and 8 per cent.		
25 pounds and more.....	20 cents per pound and 10 per cent.		
(Classification changed for recommendation) japanned on the grain side.....		2 cents per square foot and 7½ per cent ad valorem.	About 40 per cent.
Japanned on the flesh side and patent splits.....		4 cents per square foot and 10 per cent ad valorem.	About 10 per cent.

RAPID INCREASE OF IMPORTATIONS.

To illustrate the growth of importations under a low tariff, we would call your attention to the imports of heavy leather during the past five years and during six-month periods of the past year.

Imports for consumption, bend, belting, and sole.

Year ending—	Values.	Duties.	Rate.
June 30, 1908.....	\$58,862	\$10,772	20 per cent.
June 30, 1909.....	88,767	17,753	Do.
June 30, 1910.....	955,740	49,068	5 and 20 per cent.
June 30, 1911.....	611,058	30,552	5 per cent.
June 30, 1912.....	1,049,232	52,461	Do.
Dec. 30, 1912.....	1,578,802	78,940	Do.

In 1910 there were 11 months at 5 per cent and 1 month at 20 per cent.

You will note that in 1908 and 1909 the importations of heavy leather are insignificant, but in 1910, after the duty was reduced from 20 per cent to 5 per cent, there was an increase from \$88,000 to \$955,000. During the 12 months ending December 30, 1912, the importations have increased to \$1,578,802. The duties collected on heavy leather have increased from \$10,000 in the fiscal year 1908 to \$78,940 in the calendar year 1912.

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The importations of belting, sole and rough leather, under a duty of 5 per cent, are as follows:

Six months ending—	
December, 1911.....	\$314, 422
January, 1912.....	406, 406
February, 1912.....	452, 565
March, 1912.....	497, 858
April.....	535, 615
May.....	626, 349
June.....	706, 492
July.....	806, 891
August.....	871, 398
September.....	872, 528
October.....	932, 200
November.....	904, 594
December.....	872, 310

The total duties collected on leather in the fiscal year ending June 30, 1912, were \$849,110, and as foreign tanners become better acquainted with the needs of our markets the importations will continue to increase.

LOSS OF REVENUE.

It is our belief that you gentlemen do not wish to see so important and highly competitive an industry threatened. You do seriously threaten it if you put it on the free list. If leather is put on the free list, the reduction in revenue, based on the importations of the present year, will amount to about \$1,500,000 annually, owing to the fact that you can not expect to put leather on the free list without also removing the duty on tanning materials. The revenue derived from leather and extracts alone was \$1,460,187 per annum last fiscal year, exclusive of the duties on oils, greases, chemicals, and manufactures of leather.

FOREIGN TARIFF RATES.

The duties imposed on heavy leather by foreign countries are shown below. The rates on other leather would be as much or greater in each case.

[Figures based on average price of 21 cents per pound.]

	Per cent.		Per cent.
Australia.....	25.0	Newfoundland.....	20.0
Austria-Hungary.....	13.1-19.8	Norway.....	17.9-26.8
Belgium.....	6.2	New Zealand.....	19.0-38.0
Canada.....	17.5	Portugal.....	70.0
China.....	15.0	Russia.....	59.5-102.0
Crete.....	11.0	Peru.....	14.2
Cuba.....	25.0	Spain.....	33.3-107.0
Denmark.....	18.5	Sweden.....	20.2-26.0
France.....	33.4-41.7	Switzerland.....	6.6-8.3
Germany.....	11.3-16.9	Turkey (Syria).....	8.0
Greece.....	27.2	South Africa.....	15.0
Italy.....	18.7-35.5	Tunis (North Africa).....	8.0
Japan.....	10.1-45.2	England.....	(*)

* About.

* Free trade.

PARAGRAPH 451—LEATHER.

With heavy duty into other foreign countries and with free trade into England accounts for the fact that about 87 per cent of our exportations go to England.

I have here a short table which shows that the total imports of leather are increasing under the Payne tariff at a much higher ratio than the exports:

Total value of all leather imported for 11 months of 1912.....	\$7, 702, 992
Total value of all leather imported for 11 months of 1911.....	5, 362, 148

Increase of all leather imports (43.6 per cent).....	2, 340, 844
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Total value of export leather for 11 months of 1912.....	40, 411, 591
Total value of export leather for 11 months of 1911.....	35, 061, 731

Increase of all leather exports (15.1 per cent).....	5, 349, 860
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The major portion of the labor in our industry is recruited from unskilled labor who have recently come to this country. The efficiency of this labor is but slightly greater in this country than abroad, and in some instances even less so. The recent reports of Mr. Arthur B. Butman, special agent of the Department of Commerce and Labor, investigating the leather industries in Europe, shows that the wages paid the tannery laborers here are about double those paid in European countries to-day.

Mr. HILL. Is that lack of efficiency due to their inability to speak the language and understand the instructions that are given?

Mr. VOGEL. I think it is partly the training or lack of training that they have received in their native countries. The greater portion of the immigrants that come to us come to us from the farms.

Mr. HILL. You say the inefficiency is but slightly greater or in some cases less. Does the less occur because of their inability to understand instructions given them?

Mr. VOGEL. Yes, sir; that is especially true of the Italians and Slovaks, where we do not have men that understand their languages. It is very difficult at times to get foremen to take charge of them, and that is largely due to that fact.

The average wage in this country is approximately \$12 per week against \$5 to \$6.50 per week paid abroad. We have no advantage over our foreign competitors in so far as specialized machinery is concerned. The same makes of machines used in this country are also in general use in the foreign tanneries.

CANADIAN COMPETITION.

The large supplies of hemlock and oak bark, which at one time gave American tanners a great advantage over our foreign competitors, have been almost exhausted. Our tanning industry is now dependent on imported tanning materials and these materials cost us more than they cost European and Canadian tanners.

Our Canadian competitors have a decided advantage over us, especially in the production of heavy leathers, such as sole, belting and rough leather, enjoying as they do free tanning extracts and cheap bark. Bark is cheaper in Canada than in the United States, and the American tanners, located in the North, are buying bark in

PARAGRAPH 451—LEATHER.

Canada and importing it into this country for use in their tanneries. The Canadian tanners also have a decided advantage over us in their imported tanning extracts. These are free of duty in Canada and here we pay duties which averaged during the fiscal year ending June 30, 1912, 22.08 per cent. In many instances the Canadian tanners are as near to our larger American markets as our own tanners, which puts them at no disadvantage so far as freights are concerned and makes them extremely keen competitors. The Canadian tanners, on the other hand, are protected against our leather by a 15 per cent to 25 per cent duty.

If the duty is entirely removed from heavy leather, Canada is in position to use us as a dumping ground for her surplus. The capacity of the Canadian tanners is greater than the local consumption. They are large exporters of leather. A removal of the duty will surely build up the Canadian industry at the expense of our own.

PATENT LEATHER.

We recommend that the present obsolete classification of patent leather be changed, as I have shown, for the reason that patent leather is no longer sold by the pound.

Patent leather requires a higher duty than any other class of upper leather used in the manufacture of shoes, for the reason that the production cost is about twice the cost of producing other upper leather. The tanning cost is practically the same, but there is in addition an equal or greater amount for the cost of the japanning.

Any purchase of hides or skins under the American method of japanning on the grain side will turn out all grades of leather, from the lowest to the highest, while the foreign method of japanning on the flesh side enables the foreign manufacturer to produce from a bale of skins only the medium and high grades, eliminating the loss on low grades, which we can not do because of our method of japanning on the grain.

Percentages of the different items in our manufacturing cost are as follows: The cost of labor is 51.70 per cent, the cost of material is 34.44 per cent, and the manufacturing expense is 13.86 per cent, making a total of 100 per cent. Applying this manufacturing cost to the cost of the finished product, including the cost of the pelt, gives a cost of labor of 22.70 per cent; cost of material, 15.12 per cent; manufacturing expense, 6.08 per cent; and cost of raw stock, 56.10 per cent; a total of 100 per cent.

In the rates we propose for patent leather we ask for an equalizing duty on labor, which is from 95 per cent to over 100 per cent more here than in foreign countries and with a relative efficiency in the japanning department in favor of the foreign manufacturers. In this connection we call to your attention that in the establishment of Cornelius Heyle, Worms, Germany, the largest foreign manufacturer of patent leather, there are employed about 43 per cent women and children, while in our own patent-leather factories we do not employ women and children. And we ask for an equalizing duty on materials which the foreign manufacturers get free of duty and on which we pay a varying rate of from 20 to 27 per cent.

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Gentlemen, the leather industry should have the same consideration that other manufactures have. We are now on a low tariff, competitive, revenue basis. We are willing you should make such further reductions as recommended in this brief, but the tanners of 39 States will feel you do an injustice if you put leather on the free list.

PROPOSED CHANGE IN WORDING OF LEATHER SCHEDULE.

Statistical records of the imports and exports of the leather industry are as yet incomplete. In order to prepare for the future in the matter of statistical information and to simplify the work of the appraisers, we suggest more detail in the classifications of leather, and a demand on the Treasury Department and the Statistical Bureau of the Commerce and Labor Department that accurate and detailed statistics be collected, collated, and published monthly on imports, exports of domestic and exports of foreign leather. In this manner our industry and the Ways and Means Committee will be better able to judge in the future as to how the leather schedules should be handled.

Below we suggest the wording for the leather schedule:

PROPOSED WORDING.

Sole leather sides, backs, bends, and offal, ——— ad valorem; belting leather butts, ——— ad valorem; rough leather, ——— ad valorem; goat and kid leather, tanned but unfinished, ——— ad valorem; side upper leather other than patent, ——— ad valorem; harness leather, saddlery leather, case, bag, and strap leather, ——— ad valorem; upholstering leather, ——— ad valorem; patent leather, finished on the grain side, other than upholstering leather, ——— per square foot and ——— ad valorem; patent leather finished on the flesh side and patent splits other than upholstering, ——— per square foot and ——— ad valorem; other upper leather other than patent calf and kid, ——— ad valorem; horse and colt, ——— ad valorem; goat and kid, ——— ad valorem; sheep and lamb, ——— ad valorem; glove leather grains, colt, calf, goat, kid, sheep, and lamb, ——— ad valorem; horse and cattle, ——— ad valorem; leather splits, tanned but unfinished, ——— ad valorem; tanned and finished, ——— ad valorem; book binders' leather, ——— ad valorem; piano-action leather, ——— ad valorem; chamois leather, ——— ad valorem; all other leather not specially provided for in this section, ——— ad valorem; all the foregoing whether tanned only or tanned and finished, unless otherwise specified; provided that leather advanced in process by cutting, stamping, or molding into shapes, forms, blocks, or taps, suitable for conversion into manufactured articles, or by producing an artificial grain by boarding, or embossing, shall pay a duty of ten per centum ad valorem in addition to that imposed by this paragraph on leather of the same character as that from which they were so advanced in process.

And it is hereby provided that all leather entered for export from or for import into the United States of America shall be sworn to in writing before a proper officer of the Government, as belonging under one of the classifications above noted, and the Treasury Department shall keep an accurate record of measures and values of all said exports and imports, and shall furnish said records to the Department of Commerce and Labor, to be collated and published monthly in summary of commerce and finance under the classification headings indicated above, showing exports, imports, and reexports of leather merchandise.

Mr. HILL. What proportion of the hides do the packing houses control, those reported to be in combination with each other?

Mr. VOGEL. I can not say as to those that are in combination, but the packers control about 15 per cent of the leather industry. The total leather industry is \$339,000,000. The packers control

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about 15 per cent of that product. It is largely confined to the heavy leather, and not so much to the calfskin.

Mr. HILL. What proportion do they control of the heavy leather industry?

Mr. VOGEL. About 25 per cent.

Mr. PETERS. The packers at present are tending to put up factories of their own?

Mr. VOGEL. Yes, sir.

Mr. PETERS. That has had a tendency to increase in the last five years?

Mr. VOGEL. It has not materially increased. It has been about stationary in the last few years. There has not been much change. In the case of one of the packers who started in the upper-leather business I know that he has abandoned that and confines himself now to sole leather.

Mr. PETERS. They sell those products in direct competition with you?

Mr. VOGEL. Yes, sir.

Mr. HARRISON. What proportion of your total cost of production is cost of tanning materials, extracts?

Mr. VOGEL. That would vary according to the class of leather. There would be quite a variation there.

Mr. HARRISON. Do you agree with Mr. Clark, who preceded you this evening, that on sole leather it would amount to 10 per cent of the cost of production?

Mr. VOGEL. On sole leather it would be more. It would be nearer 20 per cent.

Mr. HARRISON. And on the higher grades of leather it would be less?

Mr. VOGEL. On the higher grades of leather, such as chrome leather, the material would be comparatively the smaller item.

Mr. HARRISON. Did you not, when you previously appeared before the committee, recommend that the American tanners be placed on the same footing with the Canadians as to their extracts, namely, that they should go on the free list?

Mr. VOGEL. We did not recommend that they go on the free list. We recommended that the duty be changed from three-fourths to three-eighths of a cent per pound.

Mr. HARRISON. That is under the proposed chemical schedule that passed the House?

Mr. VOGEL. Yes, sir.

Mr. HARRISON. When you made that recommendation, you knew the bill had already passed the House which placed rough leathers on the free list, did you not?

Mr. VOGEL. I did so, but I supposed that was not an action taken in earnest.

Mr. HARRISON. I think you can hardly assume that, if a bill has passed both Houses of Congress and gone to the President for signature. Suppose Congress should take the same action again, what recommendation would you then make?

Mr. VOGEL. I should decidedly say you were doing a great injustice to an industry.

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Mr. HARRISON. But as to the question of tanning extracts?

Mr. VOGEL. I should decidedly say you should put them on the free list.

Mr. HARRISON. Has the association you represent instructed you to make any such request as that at all, or have they considered it impossible that we should put leather on the free list?

Mr. VOGEL. We have considered it out of the question that you would do so.

Mr. HARRISON. What about the question of bichromates? They are used in glazing leather?

Mr. VOGEL. In chrome leather entirely. At present, as I recollect, they carry a duty of about $1\frac{1}{2}$ or $1\frac{1}{2}$ cents a pound.

Mr. HARRISON. What would the effect be of cutting in half the duties on bichromates of potash?

Mr. VOGEL. It would help to some extent, but it would not so seriously assist us or so seriously affect us as the change in the extract duties, duties in the tannings in which we use vegetable extracts?

Mr. HARRISON. What other materials are there in tanning than the extracts and bichromates and the hides themselves, which are on the free list?

Mr. VOGEL. We use fish oil, which carries a duty of about 8 cents a pound.

Mr. HARRISON. There was a proposed reduction in those also?

Mr. VOGEL. Yes, sir.

We have in addition to that chemicals of all kinds, of which we use a large quantity. In the colored calf, we have the German aniline dyes, which are very largely used in this country.

Mr. HARRISON. I think it would be a good deal of assistance to the committee, in considering the schedule on leathers, if you would submit a list of the materials, with the consequent saving to the tanners in their cost of production by a reduction of the duty on those materials.

Mr. VOGEL. We should be very glad to do that, taking the basis of your last bill. I suppose that is what you would take as a basis?

Mr. HARRISON. That is not fixed.

Mr. VOGEL. I would have to have some basis to tell you what we would save, in order to get at that. If you will suggest any basis you see fit, I would be very glad to adopt it.

Mr. HARRISON. We will be very much obliged if you will do that.

Mr. VOGEL. I thank you, gentlemen.

TESTIMONY OF A. R. WHITE, ON BEHALF OF THE FINE GLOVE LEATHER MANUFACTURERS OF FULTON COUNTY, N. Y.

Mr. White was duly sworn by the acting chairman.

Mr. WHITE. Mr. Chairman and gentlemen, I represent the fine-glove-leather manufacturers of Fulton County, N. Y. We have an industry engaged in the manufacture of fine gloves, and we represent 40 manufacturers.

The importations of that class of leather last year was \$1,795,000. The whole production of fine-glove leather amounted to two and a quarter millions, leaving the domestic manufacturers about one-quarter of the production of that class of leather.

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We do not ask increased duty on this article; but we are asking for the continuance of 20 per cent ad valorem duty, which we pay now.

The article is highly competitive not only among the domestic manufacturers themselves, but we have representatives in our city of 20 German manufacturers, who send over their goods to compete with the manufacturers here.

We have submitted our brief, with the figures and facts pertaining to the industry, and we ask your consideration of the same.

Mr. DIXON. The brief will be considered.

Mr. WHITE. All right, sir.

The brief referred to by Mr. White is as follows:

BRIEF SUBMITTED BY THE FINE GLOVE LEATHER MANUFACTURERS OF FULTON COUNTY, N. Y.

[In reference to sec. 451 of the tariff act of 1909.]

The glove leather manufacturers respectfully urge that no change be made in the present tariff so as to affect the manufacture of glove leather. The tariff under section 451 of the tariff act of 1909, fixes a 20 per cent ad valorem duty on all glove leather imported into this country.

This tariff duty is not prohibitive, and is no more than sufficient to allow the continuance of this industry under the wages paid and prices for materials that go into the tannage of glove leather in this country. That it is not prohibitive is shown by the fact that during 1911 and 1912, 75 per cent of the fine glove leather used in this country was imported. This leather was valued at \$1,791,260, upon which a duty of \$358,252 was collected. It is impossible to give the figures on the importation of glove leather prior to the above date, inasmuch as glove leather was classified with other leathers, nor can statistics be given based on dozen lots as the revenue tax is not fixed on glove leather by the dozens, but on the basis of hundreds. This method is that adopted by European manufacturers of leather, while the American manufacturer of leather uses the dozen skins as the unit of count. Under it the American manufacturer has no way of checking by the dozen.

The manufacture of glove leather is not in any wise controlled by a trust or combination, but is a highly competitive business. There are 40 separate establishments manufacturing glove leather in Fulton County, State of New York, alone, besides many others in other parts of the country. Each of these 40 concerns in Fulton County are establishments entirely independent of each other, and all are competitors, so there are no interlocking directors or other arrangements whereby various separate establishments are controlled.

The investment in this business in Fulton County, State of New York, represents from \$800,000 to \$1,000,000 in mill property alone, and about 2,000 men are employed.

CLASSIFICATION OF GLOVE LEATHER.

Glove leathers are classified as glasse, lamb skin, nappa, friezed, mochas, suedes, and chamois.

The different kinds of leather manufactured and imported are those finished on the grain or on the flesh side or on the surface exposed by removing the grain. The first two above are known as grain leather; the latter as mocha or suede. In the production of all these styles the American manufacturer is rivaling the European so far as quality is concerned.

As to mocha skins, this style of dressing had its origin in Fulton County, N. Y. In fact, 80 per cent of the Arabian skins dressed into mocha glove leather have been so dressed in this country up to the present time. The process of dressing this class of skins was unknown in Europe until recently. The glove leather manufacturers of Europe are succeeding in producing mocha glove leather by labor taken from America and are now exporting mocha leather into this country. The European manufacturer is able to produce this article so much more cheaply because of the labor cost, that he can successfully compete with the American mocha glove leather manufacturer in the home market.

The leather manufacturers of this country are producing as fine grades of leather as those made in Europe and the demand for our output is steadily increasing.

The manufacturer of the fine grade of gloves in this country, which was encouraged under the Wilson, Dingley, and Payne Acts, has increased the demand for fine grades

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of glove leather. Most of the glove factories in Fulton County, N. Y., are now engaged in the manufacture of the finest grades of gloves, causing an increased demand for a finer grade of glove leather. The leather dressing mills have gone hand in hand with the glove manufacturers in perfecting the finer product; and have succeeded under the encouragement given by various tariff acts in rivaling Europe in the quality of their product and year by year are increasing the volume of their business.

LABOR.

Labor is the principal element that makes up the difference in the expense of producing glove leather in this country and in Europe.

In the manufacture of glove leather, little or no machinery can be used. This is true both in Europe and in this country. In order to produce good glove leather, it is necessary that the work be done by hand labor, and good results can be obtained in no other way. Experiments have been made with machinery, but invariably this method has failed, so that the manufacturer of glove leather is compelled to rely upon hand labor.

The price of labor in the manufacture of glove leather is materially higher in the United States than in Europe. The following table shows the prices paid in the United States and Germany, for the various departments in the manufacture of glove leather. Germany is taken for the comparison because nearly all the glove leather imported into this country comes from Germany.

	Germany, per week.	United States, per week.
	Marks.	
Beam house (labor).....	20 (\$4.80)	\$10.50—\$12.00
Staking skins.....	32 (\$7.68)	14.00—16.00
Coloring skins.....	25 (\$6.00)	12.00
Expert tanner.....	40-50 (\$9.60—\$12.00)	20.00—25.00
Helpers in tan room.....	20 (\$4.80)	10.50

The foregoing table shows only the price paid men in Germany. Many women, however, are employed in the leather establishments of Europe at much less wages than the men and who perform work that is entirely done in this country by men.

In addition there is the apprentice system in the European factories which does not exist in this country and in connection with which the wages are very nominal. Similar work in this country is done by men at a fixed wage.

The hours of labor and the amount of work required in European leather factories are such as to give the European manufacturer further advantage. In these factories the laborer is required to work from 10 to 12 hours per day, while in the glove leather factories in this country 9 hours constitutes a day's labor.

In addition to the difference in the price of labor, there are other features which cost the American manufacturer more than the European. These are the various chemicals and coloring ingredients, together with the wool on all skins imported, upon all of which the American manufacturer pays a duty.

The 2,000 men employed in the leather mills in Fulton County, N. Y., are well paid and thoroughly employed and represents one of the thriftiest elements in New York State. The labor is made up principally of men with families. A considerable portion are skilled workmen who have come to this country to better their condition, and all are vitally interested in the preservation of this industry.

EFFECT OF REDUCTION OR REMOVAL OF TARIFF.

If the tariff of 20 per cent be removed or reduced, there are two alternatives left to the American glove manufacturer. Either the reduction of wages or the discontinuance of this class of business. In either instance labor is injured as well as the manufacturer.

If the manufacturer of glove leather in this country is injured or destroyed, it gives to the European manufacturer the uncontrolled American market, subject to no competition or regulation and leaves him free to charge whatever prices he sees fit for his product. The present duty is not prohibitive, as clearly appears by the large yearly importation of glove leather from Europe. Glove leather manufacturing is a highly competitive business, so that no pretense can be made that the present duty is in any way restrictive.

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The present duty of 20 per cent ad valorem is merely a revenue duty and only gives the American glove leather manufacturer a competitive chance with the European manufacturer and it should be retained.

Respectfully submitted.

HON. OSCAR W. UNDERWOOD, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

**MEMORANDUM OF THE GLOVE LEATHER MANUFACTURERS, IN
REFERENCE TO SECTION 451 OF THE TARIFF ACT OF 1909.**

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PARAGRAPH 451—LEATHER.

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The price of labor in the manufacture of glove leather is materially higher in the United States than in Europe. The following table shows the prices paid in the United States and Germany, for the various departments in the manufacture of glove leather—Germany is taken for the comparison because nearly all the glove leather imported into this country comes from Germany:

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EFFECT OF REDUCTION OR REMOVAL OF TARIFF.

If the tariff of 20 per cent be removed or reduced, there are two alternatives left to the American glove manufacturer—either the reduction of wages or the discontinuance of this class of business. In either instance labor is injured as well as the manufacturer.

If the manufacture of glove leather in this country is injured or destroyed, it gives to the European manufacturer the uncontrolled American market, subject to no competition or regulation, and leaves him free to charge whatever prices he sees fit for his product. The present duty is not prohibitive, as clearly appears by the large yearly importation of glove leather from Europe. Glove leather manufacturing is a highly competitive business, so that no pretense can be made that the present duty is in any way restrictive.

The present duty of 20 per cent ad valorem is merely a revenue duty and only gives the American glove leather manufacturer a competitive chance with the European manufacturer, and it should be retained.

Respectfully submitted.

A. R. WHITE, *Secretary.*

HON. OSCAR W. UNDERWOOD, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

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STATE OF NEW YORK, *County of Fulton, ss:*

Patrick W. Smith, being duly sworn, deposes and says that he is a member of the firm of Rogers & Smith, glove-leather manufacturers, at Gloversville, N. Y.; that he has compiled a statement showing the wages paid to workmen in his mill for various grades of work, for the period of one week, viz, from January 20 to January 25, inclusive; that attached hereto and marked Schedule A is the statement so compiled by deponent, and is a true and correct statement taken from the books of deponent's said firm for the period hereinabove stated, and is a correct statement of the actual wages paid to each of said workmen for said period.

Deponent further says that the foregoing statement presents a fair average of the weekly wage earned by workmen in the factory of said deponent's firm and is a fair average wage for several years last past.

PATRICK W. SMITH.

Subscribed and sworn to before me this 27th day of January, 1913.

[SEAL.]

WILLIAM A. MACDONALD,
Notary Public.

SCHEDULE A.

KNEE STAKERS.

	Average per day.	Total per week.
John Gill.....	\$2.55	\$15.30
William Putman.....	2.55	15.30
William Welch.....	2.55	15.30
F. Farhart.....	2.55	15.30
S. Gill.....	2.55	15.30
G. Wagner.....	2.55	15.30
L. Livingston.....	2.55	15.30
T. Parrella.....	2.55	15.30
Frank Parrella.....	2.55	15.30
Frank Petrillo.....	2.55	15.30
John Petrillo.....	2.55	15.30
A. Brothers.....	2.55	15.30
W. Allen.....	2.55	15.30
Jno. Ellegate.....	2.55	15.30
F. Gentner.....	2.55	15.30
A. Cozzolino.....	2.55	15.30
Jno. King.....	2.55	15.30
S. Mikowitz.....	2.55	15.30
M. McLaughlin.....	2.55	15.30
S. Steffek.....	2.55	15.30
A. Guamo.....	2.55	15.30
L. Arguello.....	2.55	15.30
T. Triana.....	2.55	15.30
S. Jurkovi.....	2.55	15.30
D. Dolce.....	2.55	15.30
M. Burey.....	2.55	15.30

COLORERS.

Chas. Barkley.....	\$2.00	\$12.00
Geo. Kutcher.....	2.00	12.00
Tony Caruso.....	2.00	12.00
D. Buroon.....	2.00	12.00
Chas. Sarento.....	2.00	12.00
Geo. Hunt.....	2.00	12.00

BEAM WORKERS.

F. Hample.....	\$2.00	\$12.00
J. Keenan.....	2.00	12.00
W. Edelman.....	2.00	12.00
L. Michols.....	2.00	12.00
G. Parrella.....	2.00	12.00
L. Slattoni.....	2.00	12.00
D. Francisco.....	2.00	12.00
John Ruf.....	2.00	12.00
Tommy Arocho.....	2.00	12.00

PARAGRAPH 451—LEATHER.

SCHEDULE A—Continued.

CHORE MEN.

	Average per day.	Total per week.
M. Dalle.....	\$1.75	\$10.50
T. Lueg.....	1.75	10.50
C. Hogaboon.....	1.75	10.50
Nic. Lion.....	1.75	10.50
C. Metcalf.....	1.75	10.50
A. Schwartz.....	1.75	10.50
J. Sullems.....	1.75	10.50
J. Muscate.....	1.75	10.50
F. Lake.....	2.00	12.00
R. Fosmire.....	1.50	9.00

PLUSHERS.

John White.....	\$1.75	\$10.50
W. Bennett.....	1.75	10.50

INTERVIEW WITH WILHELM MEINKE.

Wilhelm Meinke, of Burg, Prussia, whose American interests are looked after by Richard Bondy, of this city, arrived in Gloversville Saturday evening after having landed in New York on the *Kaiserin Auguste Victoria*. Mr. Meinke, who is one of the largest shoe and glove leather manufacturers in his country, was interviewed yesterday by a Morning Herald reporter, during which time he gave many interesting facts concerning the industry. Mr. Meinke operates one factory where there are employed 150 hands. In addition, he controls two other factories, and the entire number of employees numbers 220. The fact that Mr. Meinke manufactures both glove and shoe leather affords him better facilities than if he was merely interested in one branch solely. The output of his factories is 250 dozens per day.

In speaking of the leather situation Mr. Meinke states that owing to the Turkish war fully 33 per cent of the leather which comes here is now shut out. The flocks of sheep in the war zone have been practically annihilated, and it will take at least two years before the flocks will be restored to their usual numbers. Naturally, the result has been that buyers crowd into Spain, France, Italy, and Russia, and the demand causes the prices to advance sharply. Prices have advanced generally from 25 to 33 per cent, and are still advancing.

Unions are strong abroad, stated Mr. Meinke, and there was some labor trouble a year ago, at which time wages were advanced about 12 per cent. At the present time colorers earn \$1.25 per day, and kneestakers about \$1.50. The men have steady work all the year round.

Mr. Meinke is a cousin of George Meinke and was for nine years technical manager of the former's plant abroad. Wilhelm Meinke has been in business for himself for 11 years. The output of shoe leather turned out by his plants is not sufficient to meet the demands made upon them. He is a self-made man in every sense of the word. Wilhelm Meinke, jr., his son, has been here for the past six months studying American business methods. The elder Meinke made his first visit here one year ago. He is a close student of men and affairs and takes much interest in Gloversville and its people. He spoke in warm terms of the enterprise manifested by business men in all lines here and predicted a great future for the city. He showed a surprising familiarity with this city and its early history, as well as the growth of the glove industry from its humble start. He stated he was particularly impressed with the number of public buildings here, especially the Federal building, the library, the armory, and The Morning Herald building.

PARAGRAPH 451—LEATHER.

TESTIMONY OF GEORGE B. BERNHEIM.

The witness was duly sworn by the chairman of the committee.

Mr. BERNHEIM. Mr. Chairman and gentlemen of the committee, I speak on behalf of the fancy leather manufacturers of the United States. Permit me to call your attention to the fact that our industry has nothing to do with shoe leather of any kind, harness leather, belting, or patent leather. The leather we make, and which is known as fancy leather, is used entirely for the manufacture of so-called fancy leather goods, consisting of ladies' hand bags, expensive pocket-books, jewelry cases, high-class traveling bags, fittings for automobiles, and fine bindings of books.

Our leather is used entirely for articles of luxury. We use the following skins: Sheep, goat, calf, and seal—not Alaska seal, but ordinary hair seal. We employ skilled and ordinary labor.

It is difficult to give an accurate estimate of the number of manufacturers engaged in this line, or of the capital and labor employed therein, because there are a large number of manufacturers carrying on this business in a small way. We have no combination or trust of any kind. We have old-fashioned, free, unlimited, intense competition.

Our industry has been developed entirely under the tariff. My own house, R. Neumann & Co., began in 1863 as importers of fancy leather, and first started manufacturing such leather in 1877 on a small scale. The number of men employed at the start was 20; in 1912 it was 210. The number of dozens of skins turned out in 1878 was 9,428; in 1912 we turned out 75,619 dozens. All this development has taken place under moderate tariff protection.

Under the McKinley, Wilson, and Dingley tariffs we had a protection of 20 per cent. Under the Payne-Aldrich tariff we have a protection of 15 per cent.

Here are some statistics as to revenue. With the 20 per cent rate of duty the importations, which include some leathers others than ours, as it is impossible to get absolute statistics of ours, were, for the year ending June 30, 1907, \$2,286,510; for the year ending June 30, 1908, \$1,937,504, and for the year ending June 30, 1909, \$2,797,747.

Under the Payne tariff of 15 per cent the importations were for the year ending June 30, 1910, \$1,330,240, a little over a month of this year under the Dingley tariff. For the year ending June 30, 1911, \$1,790,202, and for the year ending June 30, 1912, \$1,566,591.

With the reduction of 5 per cent in the tariff we have a decrease in the imports. The reason for this decrease in imports under the 15 per cent tariff was that in the years 1910, 1911, 1912, hand bags, pocketbooks, and jewel cases made of leather were out of fashion, while silks, velvets, and tapestries were used exclusively in the manufacture of these articles. There is no gain of revenue to be made by a reduction of the tariff because fashion determines whether fancy leathers are imported or not. If there were a still lower tariff and fancy leathers were not in vogue, there would be small imports. If fancy leather were in fashion it would not matter if there were a 15, 20, 30 per cent, or even higher tariff, it would be imported anyway, because people will pay any price for articles of luxury or fashion.

PARAGRAPH 451—LEATHER.

Now, we do not plead for a higher tariff. On the other hand, there is no demand on the part of anybody for a lower tariff on our fancy leathers. Our industry at best is a comparatively small one in this country, one reason for this being the lack of skilled and technically educated workmen; another, the importations of finished fancy leather goods. If the present tariff of 15 per cent be reduced our industry will be seriously crippled, and I believe that some of us shall be forced to go out of business, because we should not be able to meet foreign competition for the following reasons:

We use in our industry certain tanning materials and dyestuffs. On the tanning materials we pay a specific duty which amounts to about 10 per cent and on the dyestuffs a duty of 30 per cent, besides the freight on these articles. These materials form about 30 per cent of our cost of manufacture. The English and German manufacturers get these articles free of duty.

The difference in the cost of labor here and abroad is startling. Labor is, in our industry, the most important factor, and constitutes 60 per cent of the cost of manufacture. I submit herewith the difference between the cost of labor in this country and the cost of labor in Germany. In the United States the wages paid the tanner are \$12.50 per week, the finisher receives \$10.50 per week, and the grainer \$13.50. The German tanner is paid \$9 per week, the finisher \$6, and the grainer \$9; that is, the German workman doing the same kind of work as the American workman gets about one-third less wages. These wages of the German workmen I have obtained from the Kripper Lederfabrick, Kripp on the Rhine, which is manufacturing the same class of goods that we manufacture. In our line calfskin shavers average \$22 per week, and the foreman and assistant foreman gets from \$40 to \$20 per week. I have not been able to obtain the German wages for the workmen of this class. If now we take the unskilled labor into consideration the difference is still more striking. The total weekly pay roll of the Kripper Lederfabrick is 1,500 marks for 70 workers, including skilled and unskilled, an average of \$5.35 per worker, while our average pay roll, taking the average for the last three years, is \$2,491 per week for 210 men, including skilled and unskilled, or \$11.85 per worker. In other words, we pay more than twice as much per worker than is paid in the German factory. One of the reasons for this difference is that in Germany they employ a large number of women and children, while we employ almost entirely men, and no women at all.

Again the conditions of labor are different here from abroad. We are always short of skilled labor, which hampers the development of our industry, besides having a natural tendency to increase the cost of labor. In Europe, especially in Germany and England, the manufacturers can draw on a large supply of skilled labor; men who are thoroughly conversant with all branches of the trade, who have been engaged therein all their lives, have learned their trades from their fathers, or have been taught in the technical schools. We have to train all our labor over here, and it is difficult to retain American labor as the work is hard, and the atmosphere of a tannery is found unpleasant by many workers. Still, the men are well paid and contented, as is shown by the fact that there has been no strike in our line since the early eighties.

PARAGRAPH 451—LEATHER.

In the case of our leather, it can not be claimed that we are in any way protected against foreign competition because of the freight which has to be paid on the foreign leather when imported. Against this freight charge is to be balanced the freight which we have to pay upon our raw material, consisting of skins in the hair or pickle, which we are compelled to buy abroad. Some are bought in London, some are bought in Germany, France, and Spain, and some in Newfoundland and Norway.

Another reason why we can not compete on even terms with the European manufacturer is as follows: The European manufacturer has the whole world for his market. In our line, which in this respect also differs from certain branches of the shoe-leather trade, our product can not be exported to Europe or South America. It has been tried without success. Last year we sold over \$1,000,000 worth of leather, and of that \$6,500 went to Europe, and \$1,000 to Central and South America. That represents a little over one-half per cent of our sales. We found that it was impossible to meet the prices of the foreign manufacturer.

Not only have we found it impossible to compete with the foreign manufacturer in outside markets, but we find that in a great many cases the foreign manufacturer successfully competes with us in the home market. For instance, the recent edition of the Encyclopedia Britannica was bound in England for the English market, and was bound in this country for the American market. American manufacturers bid on the leather without success. All the leather for this large piece of work was bought in England and imported into this country and used for the binding of what may be called the American edition of the Encyclopedia Britannica; so you can see that the present duty is not prohibitive, and we constantly have foreign competition in the American market, and besides, as I have said before, hard domestic competition.

Concerning the schedule, I should like to say that "rough leather" is subjected to a duty of 5 per cent ad valorem, and that some importers have endeavored to bring in tanned sealskins as rough leather in order to get the benefit of the 5 per cent duty instead of paying 15 per cent duty. This has led to litigation. I would suggest, in order to prevent the importation of tanned sealskins as rough leather under section 451, that the first clause of section 451, viz, "Band, bend of belting leather, rough leather, and sole leather, 5 per cent ad valorem," be transferred to the preceding section, 450. As paragraph 450 refers to hides of cattle, there could be no doubt that rough leather could refer only to such hides, and in this way no claim could be made that tanned sealskins should come in at a lower rate than tanned calfskins, which come in at 15 per cent.

The CHAIRMAN. Is the leather that you are talking about what is known in the tariff bill as piano leather?

Mr. BERNHEIM. No; not piano leather.

The CHAIRMAN. I see in the returns of the Treasury Department here: "Piano and action leather, and glove leather," and they seem to be classed together.

Mr. BERNHEIM. No; we are not interested in any way. Most of it comes in as leather, not otherwise provided for.

PARAGRAPH 451—LEATHER.

The CHAIRMAN. Now, I think the trouble about this leather schedule is that some of it is not competitive at all.

Mr. BERNHEIM. Exactly.

The CHAIRMAN. And some of it seems to be quite competitive?

Mr. BERNHEIM. Yes.

The CHAIRMAN. Now this piano leather seems to be quite competitive, and the morocco leather, there seems to be a large amount of that imported?

Mr. BERNHEIM. Yes.

The CHAIRMAN. Now, what I want you to do is to differentiate between these classes, so we can understand it.

Mr. BERNHEIM. Yes.

The CHAIRMAN. I want you to point out to us in this present tariff which classes of leather you are speaking about. Band and belting leather, you are not interested in?

Mr. BERNHEIM. No; not a bit.

The CHAIRMAN. Rough leather?

Mr. BERNHEIM. No.

The CHAIRMAN. Sole leather?

Mr. BERNHEIM. No.

The CHAIRMAN. Glove leather?

Mr. BERNHEIM. No, sir.

The CHAIRMAN. Then all you are talking about comes in under leather, not otherwise provided for?

Mr. BERNHEIM. Most of it does, except some of it comes in under bookbinders' calfskins.

The CHAIRMAN. Have you indicated in your brief a classification, because we can not leave the duty here on all other leather not provided for?

Mr. BERNHEIM. No; I have not. I would like to show you what we make, in the first place.

The CHAIRMAN. I would be glad to see what you make, but I think you had better figure out what you are driving at and present it to the committee.

Mr. BERNHEIM. For instance, there is a sealskin [exhibiting]. That comes in under leather not otherwise provided for. There is another color. These are all articles of luxury. Here is a sealskin of other grain.

Mr. PALMER. What are they used for?

Mr. BERNHEIM. Only articles of luxury. Ladies' hand bags usually. There is a calfskin [exhibiting]. That has nothing to do with shoe calf.

The CHAIRMAN. Oh, well, I understand that.

Mr. BERNHEIM. There is morocco [exhibiting] used in fine books. Here is an imitation of morocco on sheepskin.

The CHAIRMAN. But if you want to benefit yourself and to give the committee any help you had better furnish us with a special designation of these, because we can not simply keep up the rate on all other leathers not provided for.

Mr. BERNHEIM. What would you suggest I do? Just mention the special leathers?

The CHAIRMAN. Well, you know the language of the trade.

PARAGRAPH 451—LEATHER.

Mr. BERNHEIM. Yes.

The CHAIRMAN. Then, describe them to us in a letter.

Mr. BERNHEIM. This rough leather has covered a multitude of sins. I believe it was the intention of the Payne people to have the rough leather simply cover hides of cattle. Now, they have been importing a great many things and calling them rough leather.

The CHAIRMAN. You had better go down to the Treasury Department and find out how they designate this kind of leather.

Mr. Bernheim. Well, I have the same kind of book you have there, and I can not find out.

The CHAIRMAN. Then you will have to leave yourself to our tender mercies, if you can not help us.

Mr. DIXON. What duty do they assess on this?

Mr. BERNHEIM. Fifteen per cent on all of this.

The CHAIRMAN. On some of this leather 15 per cent is practically prohibitive. Nothing comes in. Now, I see that certain of that leather is quite competitive?

Mr. BERNHEIM. Yes.

The CHAIRMAN. Where it is quite competitive—reasonably competitive—I do not think the committee is disposed to disturb it, but we can not leave a basket clause that will gather up everything that comes in, at a higher rate of duty.

Mr. BERNHEIM. You have designated bookbinders' calfskins, for instance.

The CHAIRMAN. Well, I am asking you to find a designation for that. I do not mean to say we are going to adopt your designation, but you can throw some light on it, and we will submit it to the Treasury Department and see if they agree with you.

Mr. PALMER. Who are the principal manufacturers of this leather in the United States?

Mr. BERNHEIM. We are the principal manufacturers.

Mr. PALMER. Who is the concern?

Mr. BERNHEIM. R. Neuman & Co., New York.

Mr. PALMER. Is not some of it made in Philadelphia?

Mr. BERNHEIM. No, not at all. We constantly have to figure against the importer. There is not a big item that comes up that the importer is not there. They got the Encyclopedia Britannica job.

Mr. PALMER. This comes in under the n. s. p. f. clause?

Mr. BERNHEIM. It seems to me the tendency is to reduce leather.

Mr. PALMER. To save this from the general—

Mr. BERNHEIM (interposing). Exactly, from the general slaughter, because it is competitive and it is used in articles of luxury and you are going to import it anyway. If ladies want leather bags, they will have them, no matter what the duty is on them.

The CHAIRMAN. If we reduce the general line of leather, we can not leave a basket clause at the present rate. Therefore, if you want to accomplish what you have in mind, you have got to get out of the basket clause.

Mr. BERNHEIM. The basket clause?

The CHAIRMAN. I mean the clause that provides for everything not specifically provided for.

Mr. BERNHEIM. I see.

PARAGRAPH 451—LEATHER.

The CHAIRMAN. So you had better suggest to the committee just what you want.

Mr. BERNHEIM. How long may I have?

The CHAIRMAN. If you want it printed, you will have to put it in by Saturday, but I will consider it if you will write me a letter about it any time in the next two weeks.

Mr. BERNHEIM. All right, sir.

PROTEST OF THE SHOE AND LEATHER ASSOCIATION OF CHICAGO, ILL.

CHICAGO, ILL., January 20, 1913.

To the honorable The Ways and Means Committee
of the Congress of the United States,

Washington, D. C.

GENTLEMEN: The Shoe and Leather Association of Chicago, composed of manufacturers of shoes, leather, harness, belting, and leather goods, and dealers in leather, hides, etc., respectfully but emphatically protests against further reduction in the tariffs on leather, shoes and harness in the revenue bill now being drafted.

The duties on our products were among the few severely revised downward in 1909. Sole, belting, and rough leather were lowered from 20 to 5 per cent; upper leather from 20 to 7½ per cent; shoes from 25 to 10 per cent, and harness from 45 to 20 per cent. This was the most severe reduction of duties on manufactured products inflicted upon a staple industry in the history of tariff legislation.

Attempts still further to narrow the slender margin of protection remaining would be inequitable and unjust. The small duties imposed by the existing law do not suffice to measure the difference between the labor cost of production at home and abroad, and further attacks upon us would be disastrous.

We are not advocates of inordinate protective tariffs and do not oppose "revision downward" but desire to protest against invidious revision which singles out one industry for repeated reductions.

Leather and its products are not controlled by trusts. There is severe competition in all parts of the country. Profits are small and the ultimate consumer is served efficiently and economically. Our duties, small originally, were reduced 60 to 75 per cent four years ago. In this we stand apart from every other industry. Injustice will result if our case is not disassociated from others and considered strictly upon its merits.

All of which is respectfully submitted.

SHOE AND LEATHER ASSOCIATION OF CHICAGO,
E. L. NEILSON, *President*,
C. W. STAFFORD, *First Vice President*,
E. A. FARGO, *Second Vice President*,
Committee.

BRIEF OF JOHN W. PECHIN, PHILADELPHIA, PA.

JOHN W. PECHIN,
Philadelphia, January 11, 1913.

The CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

DEAR SIR: Inclosed you will find a brief which we hope you will consider, as we believe it to be a just and fair and true adjustment which should be made in Schedule N, sundries, paragraph 451.

We know your committee wants to act justly in this matter, and if they feel that the brief has not fully enlightened them, we would be glad to send our representative to Washington to go before your committee and explain thoroughly as to the paragraph we have explained in the inclosed brief.

Hoping you will make this change for the benefit of the industry, I am,

Yours, very truly,

JOHN W. PECHIN.

PARAGRAPH 451—LEATHER.**LEATHER BELTING.**

We beg to call your attention to Schedule N, sundries, paragraph 451: "Band, bend or belting leather, rough and sole leather, 5 per cent."

This paragraph has caused considerable litigation in the courts, and some of the cases are still pending. The paragraph should be changed to read: "Belting leather, sole leather, rough leather, in the whole hide or butt or bend form, 5 per cent ad valorem." The balance of paragraph 451, to the best of our knowledge, is a just and very fair protection to the manufacturers and laborers. Our reasons in the starting of this paragraph lie in the fact that importers are importing all kinds of leather into this country and calling same "band" and under the word "band" leather. We have questioned continually many leather tanners and manufacturers of leather, etc., on this subject and all declare they have never heard of "band" leather. The word "bend" was misplaced in that paragraph and importers are taking advantage of the fact and are bringing in many varieties of leathers, cutting them into bend form and bringing them in as "band" leather. The word "bend" does not mean leather, but does mean the trimming of a butt or hide. It means the part after the shoulder has been cut from the hide and the hide then split in half, each half being called a bend. Sole leather is mostly sold in bend form. The leathers these concerns are bringing in under the words "band" and "bend" are apron and picker leathers for worsted machinery.

Prior to the importers taking advantage of the word "band" and "bend," there were being tanned in this country and manufactured about 50 to 60 per cent of these leathers. But since this change the tanners and manufacturers of these leathers in this country there is now about 20 per cent, and the importing of the same has grown to a very large extent, they gaining the difference. These apron and picker leathers should come in under the word "not specially provided for, at 15 per cent," and if you will adjust the paragraph to read as stated above they will come in under that wording, as there is at least 20 per cent more labor, etc., on apron and picker leather than on rough belting or sole leather. So that these leathers should be properly placed, Schedule N, paragraph 451, should read as follows:

"Paragraph 451. Belting leather, sole leather, rough leather, in whole hide or in butt or bend form, 5 per cent ad valorem; dressed upper and all other leather, calfskins, tanned or tanned and dressed, kangaroo, sheep and goat skins (including lamb and kid skins), dressed and finished, other skins and bookbinder's calfskins, all the foregoing not specially provided for in this section, 15 per cent ad valorem; skins for morocco, tanned but unfinished, 5 per cent ad valorem; patent, japanned, varnished, or enameled leather weighing not over 10 pounds per dozen hides or skins, 27 cents per pound and 15 per cent ad valorem; if weighing over 10 pounds and not over 25 pounds per dozen, 27 cents per pound and 8 per cent ad valorem; if weighing over 25 pounds per dozen, 20 cents per pound and 10 per centum ad valorem; piano-forte leather and piano-forte-action leather, and glove leather, 20 per cent ad valorem; leather shoe laces, finished or unfinished, 50 cents per gross pairs and 10 per cent ad valorem; boots and shoes made of leather, 15 per cent ad valorem: *Provided*, that leather cut into shoe uppers or vamps or other forms suitable for conversion into manufactured articles, and gauffre leather, shall pay a duty of 10 per cent ad valorem in addition to the duty imposed by this paragraph on leather of the same character as that from which they are cut."

BRIEF OF A. TEPEL, NEW YORK, N. Y., ET AL.**SCHEDULE N, PARAGRAPH 451.**

NEW YORK, *January 21, 1913.*

PATENT, JAPANNED, VARNISHED OR ENAMEL LEATHER.

Present rate, weighing not over 10 pounds per dozen, 15 per cent ad valorem and 27 cents per pound; weighing over 10 pounds and not over 25 pounds per dozen, 8 per cent ad valorem and 27 cents per pound (equivalent to 29½ per cent ad valorem). Rate we propose, same as sole leather, 5 per cent, at least same as shoes, 10 per cent, or free, if shoes are to be free.

PARAGRAPH 451—LEATHER.

CALFSKINS TANNED, OR TANNED AND DRESSED.

Present rate, 15 per cent ad valorem. Rate we propose, same as sole leather, 5 per cent, or free, if shoes are to be free.

Why.—Revision should be same as sole leather or at least same rate as shoes.

Raw material.—Hides, calfskins, and goatskins are free. Rate on sole leather made from hides is 5 per cent. Therefore on upper leather made from hides and calfskins the rate should be the same.

Discrimination against American shoe manufacturer.—Shoes made from imported patent and upper leathers are admitted at 10 per cent.

At the same price.—More shoes can be made from a certain amount of domestic patent or upper leathers than from the imported patent and upper leathers.

Besides "Farmers' free list bill," to offset free shoes, proposed that shoe vamps and shoe uppers enter free. American shoe manufacturers would not be benefited because several hundred different lasts, patterns, and styles are used in the manufacture of shoes.

Detrimental to American labor.—If practical, free shoe vamps and shoe uppers would curtail labor and deprive and injure the American shoe cutter and shoe fitter.

Comparisons as to cost of labor.—The domestic article is acid tanned, taking not over one month to finish. The imported article is bark tanned, taking from five to eight months to finish.

By difficult process, considerable more expense is required to make the rough or flesh side smooth of the imported article, whereas the domestic article is finished on the grain or natural smooth side.

Revenue.—The present rate more than protects; it excludes:

Importations, patent leather, year ending June 30—

1900.....	\$1, 270, 214. 00
1906.....	197, 140. 80
1912.....	160, 193. 00

Importations, tanned calfskins, year ending June 30—

1899.....	285, 836. 00
1905.....	188, 164. 00
1912.....	129, 344. 00

Whereas fully 90 per cent of the above importations were used in shoes, domestic patent leather, during the same years, increased by over \$25,000,000 annually. Over 99 per cent of patent leather used in the United States is American made.

Also, during 1912, at least \$50,000,000 worth of upper leather, made from calfskins, was used in the United States. About 99½ per cent of upper leather made from calfskins was tanned in the United States.

Important.—Scores of original letters from American shoe manufacturers were sent former Chairman Payne, and should be on file, which favor a substantial reduction and substantiate most of the statements contained herein.

Reciprocity.—Imported patent leather and upper leather made from calfskins come mostly from Germany and France, who buy ten times more upper leather from the United States than they export to the United States.

A. TEPEL,

30 Ferry Street, New York, N. Y.

D. WALLERSTEIN,

34 Spruce Street, New York, N. Y.

CHRISTMAN, WOLFENSTEIN & SHANAHAN,
39 Spruce Street, New York, N. Y.

NEW YORK, N. Y., February 4, 1913.

ADDITIONAL OR SUPPLEMENTARY BRIEF.

Patent, japanned, varnished, or enamel leather.—Present rate: Weighing not over 10 pounds per dozen, 15 per cent ad valorem and 27 cents per pound; weighing over 10 pounds and not over 25 pounds per dozen, 8 per cent ad valorem and 27 cents per pound. Rate we propose: Same as sole leather, 5 per cent; at least same as shoes, 10 per cent, or free if shoes are to be free. Equivalent to 29½ per cent ad valorem.

Calfskins tanned, or tanned and dressed.—Present rate: 15 per cent ad valorem. Rate we propose: Same as sole leather, 5 per cent, or free if shoes are to be free.

PARAGRAPH 451—LEATHER.

Consumption.—Fully 95 per cent of the importations of both of these articles is used exclusively in the manufacture of shoes absolutely and positively. Free shoe vamps or shoe uppers or any other forms used in the manufacture of shoes will not benefit the American shoe manufacturers or consumers.

The combined importations year ending June 30, 1912, of shoe vamps or shoe uppers or any other forms made of patent, japanned, varnished, or enamel leather and calfskins tanned, or tanned and dressed, amounted to only \$3,969. Joker: Rates recommended in brief submitted to the committee by the National Association of Tanners of the United States, that on flesh-side finished patent leather the duty should be 4 cents per square foot and 10 per cent ad valorem. This rate is equivalent to about 25½ percent ad valorem.

There is no grain-finished patent leather imported into the United States.

A. TEPEL,

80 Ferry Street, New York City.

D. WALLERSTEIN,

34 Spruce Street, New York City.

CHRISTMAN, WOLFENSTEIN & SHANAHAN,

39 Spruce Street, New York City.

BRIEF OF THE GEORGE A. SHEPARD & SONS CO., BETHEL, CONN.

BETHEL, CONN., *January 24, 1913.*

Hon. E. J. HILL, *Washington, D. C.*

DEAR SIR: We herewith submit a sample representing the labor of preparing, tanning, and finishing a complete hat sweat band.

There is no trust in this product, and the fierce domestic and foreign competition holds the profit at a low basis.

There are large and increasing importations of hat sweat leather, both in the finished skin and in the sweat bands, under the present rate of duty.

The wages paid on this work in foreign countries range from 50 cents to \$1.50 per day, and the corresponding wages in this country on the same product range from \$1.25 to \$3 per day, which is none too much for decent American living. Any lowering of the selling price of imported hat sweat bands must disastrously affect the wages of labor, if an effort is made to retain the business in this country.

An increase of importation not only means lower wages in the face of present high living costs, but it means a decreased amount of obtainable work and great hardship will be imposed by loss of business by any decrease of the rate of duty.

We submit that as a foundation principle, there should be "an American living wage," not a European living wage, derived from all goods produced in America.

On account of the strong domestic competition no additional cost would be put upon hat sweat leather bands now made in this country if the duty were raised, but an advantage would accrue to the country by an increase of business if a large part of the sweat bands now imported were manufactured in America.

A working knowledge of conditions as above stated is convincing that the present duty is so low that the American workmen and manufacturers have to surrender too much of business and work to the man across the water. Purchases made in America helps America. Money spent in Europe hurts American workmen and manufacturers.

We respectfully ask, for our employees and ourselves, that we be permitted to continue the business upon an American (not a foreign) standard of living, and that the present rate of duty be retained.

We indorse the "brief" upon leather submitted to Hon. Oscar W. Underwood, chairman of the Ways and Means Committee by the National Association of Tanners.

Respectfully, yours,

THE GEO. A. SHEPARD & SONS CO.,
H. L. SHEPARD, *Treasurer.*

PARAGRAPH 451—LEATHER.

BRIEF OF NORMAN H. PARKE, GENERAL MANAGER OF THE
BLACK HORN LEATHER CO.

Hon. Oscar W. Underwood, chairman, and gentlemen of the Ways and Means Committee, House of Representatives.

GENTLEMEN: Anent the subject of duty on chamois skin now fixed at 20 per cent ad valorem under the provision of the tariff act 1909, section 451, your committee is respectfully urged that there be no reduction on this item under the proposed tariff legislation. Submitted herewith are some reasons in support of such a request. The duty on chamois leather now fixed at 20 per cent under the existing law provides a margin under which it has been possible for chamois manufacturers after years of constant efforts to systematize the business, and with the assistance of machinery designed almost entirely by ourselves to show a margin of profit on our production of genuine chamois leather. This satisfactory result has been reached within a comparatively short period of time, and should the tariff be removed or materially reduced it would destroy the fruits of our efforts and deprive the workmen of our shops the opportunity of continued employment in lines with which they have become familiar and where they are most efficient. On the basis of 20 per cent duty, if no radical change should occur in the raw-skin market it would enable the Black Horn Leather Co. to continue its manufacturing as the largest industry in Susquehanna County, Pa., but it is not apparent how it would be possible for us to equalize conditions whereby the business might be continued should there be a reduction of this rate of duty.

Chamois leather, unlike other commodities with which it is classed, is a finished article. It is not alone a tanned but it is a manufactured article, and is as ready for the market as a complete pair of shoes. It has its place, without the necessity of additional labor, in nearly every well organized household, and therefore should not come under the head of flat leather, but as an article of manufacture from leather.

As the tariff has stood on a 20 per cent basis ad valorem there have been tremendous quantities of chamois imported into this country annually, and part at 10 per cent under our market, which is an absolute proof that 20 per cent ad valorem duty on chamois is not only not excessive but is not sufficient to properly protect the manufacturers of genuine chamois, tanned leather in the United States, and should be increased to 30 per cent ad valorem. This has been further proved in past history. Numerous efforts have been made to compete in this line with the foreign markets, and in nearly every case the industry has proved an absolute failure, for the all-important reason that the comparative wages paid outside of the United States are not more than one-third of the average wages paid for labor in this country; and our labor, in comparison with other manufacturing industries in this country, is at the minimum rate. As before stated, if it were not for the careful arrangement of labor and assistance we have been able to derive from machinery, we would be unable to continue the business. In other words, we are handling our stock at the minimum cost, and under this proper development we have but a small margin in meeting, as we do, the market price of the imported chamois, and at times the European interests are able to manipulate the market, so that under the 20 per cent duty ad valorem we are forced to handle large quantities of stock at cost and at less than cost of production.

It is clearly a case dependent upon a scale of wages, which scale if placed on a par with the European wage scale, which is impossible, would permit us to manufacture at as low a figure as the European manufacturer.

All sheepskins suitable for chamois leather (the term chamois for a number of years having been a technical term illustrative of the method of tannage) are imported from foreign countries. The native stock is not suitable for chamois leather, owing to the climate or some other cause which we are unable to define. In the manufacture of chamois leather it is necessary to split off the outside of the pelt, namely, the grain or skiver of the pelt, leaving a fibered surface on both sides of the raw material to be put into chamois, and the grain or skiver is not chamois tanned, but is bark or extract tanned, and has a definite market value for bookbinding, pocketbook, hat-sweat, and other light leathers.

The native stock is tanned and manufactured in the full pelt as taken from the sheep, as it is impossible to split same, owing to its character, and realize the necessary value for the grain and have left a flesher for chamois that would be suitable for chamois. Not only would the flesher be of inferior and in every way undesirable value for chamois, but from the original nature of the pelt the grain or skiver is porous, and when split the pores of the skin, being deep, go clear through the grain, or, in other words, cause pinholes in the grain, making the grain or skiver of poor value. Summing up these two values in flesher and in skiver, we are unable to use the native stock,

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because this same pelt has a considerable better value in its full state for shoe and other leathers.

We are therefore dependent on the foreign market for our raw material, which market is giving us, even on the present basis, a difficult problem in competition. This can be definitely verified, as before stated, as industries of this nature have been commenced and large amounts of money spent in the development at various times, but died out owing to the competition of the foreign goods, which are produced with labor at one-third of what we pay, in addition to the advantage the European market has in the procuring of raw stock.

You will appreciate that with the competitive condition outlined and our dependence on the foreign market for raw material, we are placed at a tremendous disadvantage. In other words, as to the importation of our raw material, the foreign market is controlled by our foreign competitors.

In the process of tanning genuine chamois leather Newfoundland cod oil is largely used, and upon it a duty of 8 cents per gallon is imposed. On the present production of 2,000 fleshers per day we consume approximately 3,000 barrels of cod oil per annum. While it might inure to the temporary advantage of chamois manufacturing to have this duty on cod oil removed, we do not ask it, for the reason that we believe that it will ultimately be for the best interest of all concerned to encourage the production and manufacture of the domestic cod oil, which is now acquiring a standard as to quality, but not yet produced in sufficient quantities to meet the needs of chamois manufacturers. This oil becomes thoroughly oxidized and changed in general nature in the process of tannage. The chemical change taking place is not generally understood even by the leading chemists, but the results thereof have been clearly established as being beneficial in the use of this oxidizing oil in stuffing of upper leather, and as such is now thoroughly recognized by the tanners of good leather for shoe and other purposes.

This product or by-product, the oxidized oil, is known as moellon degreas from the fact that it contains not only the oxidized cod oil but the degreased nerve tissue, and it adds strength and weight to leather as no other commodity will do.

This by-product moellon degreas is produced by the foreign chamois tanner, and like many importations has had prestige over a domestic product, and in this commodity we have had, as well as in the chamois leather, a hard fight. There is something about the foreign article that from sentiment takes prestige over the domestic, and the tanner has become accustomed to place undue confidence in this article.

This condition had to be overcome in order to successfully continue the industry, as it would be absolutely impossible to lose the value of the cod oil in the tannage, and it must be marketed at nearly the cost of the cod oil. This feature of the manufacturing has played no small part in the development of the business. We have, however, been forced to market these goods at less than the intrinsic value to the upper leather tanner, owing to the prestige of the foreign market, which we can definitely state is not a fair one, as the foreign producer, because of this prestige, has been able to dilute his production so that it realizes for him a margin of profit considerably over the cost of the cod oil. This has been possible as the tanner has felt entirely dependent on the foreign market for his supply, and the foreign market in turn has taken advantage of this point, supported by the supposition that imported moellon is better than stock produced in this country. We, on the other hand, guarantee the absolute purity of our stock and by unceasing energy have been able to market our production, but only at a lower figure than our competitor abroad. We do, therefore, deserve substantial protection on this by-product as well as on the chamois leather. We should, in order to successfully continue and enlarge this industry, be in a position to compete with imported goods. There should be a substantial and definite tariff on all moellon degreas, degreas, and tanners' grease on the basis of percentage per pound rather than tariff percentage ad valorem, as the latter encourages dishonest billing of the goods, which can only be defined correctly by expert laboratory tests.

The chamois industry in this country is yet in its infancy. There are but 3 companies devoting their entire energies to the production of chamois, and but 10 or 15 smaller companies which manufacture chamois incidental to other activities. There is a fair opportunity to increase the amount of American production of this article, provided there be no interference with the present rate of duty, which is hardly sufficient to permit the existing concerns to compete with European manufacturers. It is respectfully urged, therefore, that no reduction in the present tariff schedule be made on that item.

Respectfully, yours,

NORMAN H. PARKE,
General Manager Black Horn Leather Co.

PARAGRAPH 451—LEATHER.

TESTIMONY OF WILLIAM ROBINSON, SR., ON BEHALF OF THE
ALPHA LEATHER CO., OF FRANKFORD, PHILADELPHIA.

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Robinson.

Mr. ROBINSON. Mr. Chairman and gentlemen of the committee, I have no brief at all to submit, and only a very few remarks.

I am here in the interest of the Alpha Leather Co., of Frankford, Philadelphia. I notice on the calendar list of witnesses that gloves are stated as our line, but such is not the case, as we never made a finger of one.

My sole purpose before this committee is to ask your consideration, in making a provision in the coming tariff, for our line of imports, as there is evidently none in the present bill.

For nearly two years we have been importing from England rough split sheepskin leather, tanned but unfinished, and have been assessed on this 20 per cent ad valorem.

Mr. HULL. Under which section are you speaking?

Mr. ROBINSON. There is no section that I know of. It will come under section 451, if you can find it.

I want to impress on your minds that this is rough split sheepskin, tanned but unfinished.

On this line of imports we have to expend about 15 per cent of labor to put it in a marketable condition; yet the importer here imports the finished article, ready for sale, and only pays the same ad valorem, 20 per cent.

I have two samples here, one of the unfinished skin just as we import it, and the other a small piece which we have finished, similar to all our finished goods, and I would ask the committee if they think there is any equity in the present rating, after you see the contrast. We contend that our line should be placed on the free list, and especially so if it should be that a reduction is made on the finished goods.

This line of industry is a new venture to my firm, and is practically only in its infancy, and I am of the opinion that quite a reasonable amount of exports are made yearly from England, at least, and we would like to foster the industry if we are given a fair chance, but we can not continue under present conditions.

I will now show you the difference in the two skins.

Mr. Robinson here handed two samples of chamois to the members of the committee.

Mr. ROBINSON. Ours has to be handled from ten to a dozen times before we can get it into this finished condition. This other sample [indicating] is exactly the same leather that comes from England, finished and worked on the other side, and yet we pay the same amount ad valorem on our unfinished product—20 per cent.

Mr. HARRISON. Does not the ad valorem rate in itself mount with the value of the skin?

Mr. ROBINSON. Yes.

Mr. HARRISON. So when it is more highly finished and after these other processes have been worked on it, it is worth more than it is in the first form and the rate is higher?

PARAGRAPH 451—LEATHER.

Mr. ROBINSON. Not in our particular line, because ours is only a medium grade. It is not used for any manufacture of any kind. It is used for washing windows and for a lower grade of work.

The CHAIRMAN. What is the value of that skin which you have in your left hand?

Mr. ROBINSON. Just as it is imported, do you mean?

The CHAIRMAN. Yes.

Mr. ROBINSON. I could not say. They vary. The average runs about \$4.80 a dozen at the present time.

The CHAIRMAN. What would be the value of that after you finished it.

Mr. ROBINSON. They vary, too. It just depends. You might buy a dozen skins and you would not get the same amount of leather out of them.

The CHAIRMAN. But taking that particular skin, as you have it in your hand, and finishing it, what would be the value of that?

Mr. ROBINSON. As we sell it?

The CHAIRMAN. As it goes to the customer.

Mr. ROBINSON. This particular skin here?

The CHAIRMAN. Yes.

Mr. ROBINSON. I could not tell that.

The CHAIRMAN. You say that it would be \$4.80 coming in that way?

Mr. ROBINSON. No; I take the average of the smaller size with the larger size.

The CHAIRMAN. What we want to do is to get some information. Can you not tell us what would be the value of that skin coming into the customhouse?

Mr. ROBINSON. The purchase price?

The CHAIRMAN. I mean the value of that particular skin by the dozen, coming in at the customhouse.

Mr. ROBINSON. Possibly about 40 cents.

The CHAIRMAN. What would it be the worth if it came in finished?

Mr. ROBINSON. I do not know. We do not buy in that particular way. We do not buy them finished.

The CHAIRMAN. Do you not know what is the import value of those skins with which you come in competition?

Mr. ROBINSON. They vary in size and quality. It just depends on the quality. The only thing I am in touch with is the selling of it.

Mr. HILL. What is the other piece which you have there?

Mr. ROBINSON. This [indicating] is a small piece exactly as it is finished.

Mr. HILL. Is that cut off for any particular purpose?

Mr. ROBINSON. It is cut off for a sample or pattern. It is supposed to be a pattern of a certain size.

Mr. HILL. How do you get that in at the same rate when the law says you shall pay 10 per cent additional for the other?

Mr. ROBINSON. We do not buy it in this condition. We put it in this condition.

Mr. HILL. You can not import that at the same rate of duty as the other?

Mr. ROBINSON. Yes, sir; that is my contention.

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Mr. HILL. The law does not say that. The law says you pay 10 per cent more for that. Is that to make gloves?

Mr. ROBINSON. No; this is a window leather.

Mr. HILL. The law distinctly says:

Provided, That leather cut into shoe uppers or vamps or other forms, suitable for conversion into manufactured articles, and gauffre leather, shall pay a duty of ten per centum ad valorem in addition to the duty imposed by this paragraph on leather of the same character as that from which they are cut.

Mr. ROBINSON. How is it they only pay 20 per cent?

Mr. HILL. I do not know. You have been very lucky in getting them in.

Mr. ROBINSON. We are not buying in this condition. We finish ours ourselves.

Mr. PALMER. You are a manufacturer?

Mr. ROBINSON. Yes. We manufacture the goods in this condition [indicating]. This [indicating] is the condition in which we buy them, yet these goods [indicating] are bought by other people from the manufacturer on the other side and sent here for the same rate of duty.

Mr. HILL. At the same rate of duty?

Mr. ROBINSON. Yes, sir; at the same rate of duty.

Mr. HILL. I do not see how they do it.

Mr. ROBINSON. They do it just the same.

Mr. HARRISON. Suppose the first skin you show us there is worth 40 cents at the customhouse and you pay on that 20 per cent ad valorem?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. That is one-fifth, or 8 cents duty?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. Let us assume that the other piece of leather is a full-sized skin, just like the first one, except that it is finished in that condition; that is worth more, is it not?

Mr. ROBINSON. It ought to be.

Mr. HARRISON. Let us assume it is worth 60 cents, just for the sake of the calculation. On that you claim 20 per cent duty is paid?

Mr. ROBINSON. Yes, sir.

Mr. HARRISON. Twenty per cent is one-fifth; one-fifth of 60 is 12; so there is a duty of 12 cents paid on it when finished and only 8 cents paid on it when it comes in unfinished, and therefore there is a higher amount of duty paid on it after labor has been expended on it, and you correspondingly are protected for the amount of work you put on it in this country.

Mr. ROBINSON. I do not think you are right.

Mr. HARRISON. My figures may not be right, but my reasoning is.

Mr. ROBINSON. No; your reasoning is not right. It is sold in the old country just as cheaply as we sell it. That is my argument, and we can not compete with them on the other side, as they can sell cheaper over there than we can sell here. That skin does not cost any more. They are valued just about the same.

The CHAIRMAN. There seems to be nothing further, Mr. Robinson. You may be excused.

PARAGRAPH 451—LEATHER.

BRIEF OF THE ALPHA QUALITY CHAMOIS LEATHER CO., OF FRANKFORD, PA.

FRANKFORD, PHILADELPHIA, PA., February 6, 1913.

Mr. Oscar W. Underwood, chairman, and gentlemen of the Ways and Means Committee, House of Representatives:

We, the Alpha Quality Chamois Leather Co., of Frankford, Philadelphia, have for the past two years been importing into this country rough, split sheepskin leather, tanned but unfinished, commonly called in England crust-oil leather, which we convert into wash leather, usually termed commercial chamois.

Under the tariff act of 1909 there appears no rating for these goods, and consequently we have been assessed 20 per cent ad valorem, having been given the rating or classification as per schedule 451 (chamois skins), which was unjust, and we have been paying said rate under protest ever since. These goods as we receive them in their crude state require 15 per cent of labor to put them in a finished and marketable condition.

The importer pays 20 per cent ad valorem on the finished goods, having to expend no labor on the same, yet the same goods bought by the manufacturers in England, in the same crude way as we buy them, and from the same tanners, are finished by the manufacturers and made ready for sale by them at a labor cost of 24 cents a dozen skins; the same dozen skins finished by us cost 70 cents, or, in other words, the labor cost in England is about one-third of our own cost.

This comparison will show how inequitable has been the rating against us in the past two years, and in order to continue our business and foster a new American industry, allowing us only fair and just competition, we would ask that rough, split sheep skin, tanned but unfinished, be placed on the free list, and that the present duty of 20 per cent ad valorem on chamois leather be retained.

Respectfully submitted.

ALPHA QUALITY CHAMOIS LEATHER CO.,
Frankford, Philadelphia, Pa.

BRIEF OF DRUEDING BROS. CO., PHILADELPHIA, PA.

PHILADELPHIA, January 17, 1913.

Hon. OSCAR W. UNDERWOOD, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We respectfully ask to call the attention of your honorable committee to tariff act, 1909, section 451, chamois skins, 20 per centum ad valorem.

Our company manufactures these goods extensively, and requests your committee to retain the present duty (20 per centum ad valorem) on this article.

The tanning materials is fish oil and cod oil. Newfoundland cod oil at present pays a duty equal to 8 cents per gallon. Sheepskins are on the free list.

Our principal argument for retention of this small duty, besides the necessity for revenue, is to protect American manufacturers for the difference in labor costs as compared with the labor costs in European countries. We estimate the difference in cost of labor at not less than 40 per cent higher. We fear it would cripple this industry if the duty should be materially reduced, or taken off altogether.

We therefore request that your committee fix the rate on chamois skins as at present, 20 per centum; or, if in your opinion a downward revision is absolutely necessary, we would suggest 19 per centum.

In the writer's opinion a very gradual reduction would cause the least disturbance. Should your committee desire any further information on this subject, the writer will make it convenient to come to Washington and appear before your committee at any time you may designate.

Respectfully submitted.

We are, yours, very truly,

DRUEDING BROS. CO.,
CHAS C. DRUEDING, *Treasurer.*

PARAGRAPH 451—LEATHER.

PHILADELPHIA, January 18, 1913.

Hon. OSCAR W. UNDERWOOD, M. C.,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We respectfully ask to call the attention to your honorable committee "Tariff act, 1909, section 451, dressed upper and all other leather, calfskins tanned, or tanned and dressed, kangaroo, sheep, and goat skins (including lamb and kid skins), dressed and finished, other skins, and bookbinders' calfskins, all the foregoing not specially provided for in this section, 15 per centum ad valorem."

"Section 452. Bags, baskets, belts, satchels, card cases, pocketbooks, jewel boxes, portfolios, and other boxes and cases, made wholly of or in chief value, not specially provided for in this section, 40 per centum ad valorem."

One company manufactures sheep leather largely, and again manufactures hatters' leather from the sheep leather. According to these two paragraphs sheep leather now pays duty 15 per centum ad valorem. Hatters' leather being manufactured from sheep leather 40 per centum ad valorem. We respectfully ask that this duty be retained in the new tariff bill. It is very important that American manufacturers of sheep leather and hatters' leather should have this protection so that they can continue to successfully compete with foreign manufacturers of these goods.

The American manufacturers are handicapped by the much higher cost of labor as compared to cost of labor in Europe. We estimate this higher cost not less than 40 per cent. Again, the tanning and coloring materials which must be used to produce these goods are at present paying a duty \$7 per ton on sumac, and 30 per cent ad valorem on aniline dyes.

We hope that your committee will fix the duty on sheep leather as now, 15 per cent; on hatters leather (manufactures of leather), 40 per cent.

Any material reduction or removal of duty altogether we fear very much would cripple this industry in the United States. If it is absolutely necessary to have a revision of tariff downward, we would suggest that this be done very gradually, so that American manufacturers would not be seriously affected. In that event we would suggest duty on sheep leather 14 per cent. Duty on manufactures of sheep leather 38 per cent.

Should your committee desire any further information on this subject, the writer will make it convenient to come to Washington to appear before your committee at any time you may designate.

Respectfully submitted.

We are, yours, very truly,

DRUEDING BROS Co.,
CHAS. C. DRUEDING, *Treasurer.*

BRIEF OF THE MOROCCO MANUFACTURERS' NATIONAL ASSOCIATION ON GLAZED KID, ETC.

THE WAYS AND MEANS COMMITTEE:

The Morocco Manufacturers' National Association, representing no combination, but 34 independent and competing manufacturing concerns, employing 12,000 persons, begs to submit for your consideration data pertaining to the manufacture of glazed kid, mat kid, and colored kid manufactured from goatskins.

The present rate of duty is 15 per cent, which we consider not more than adequate to protect our industry.

Taking the average cost of goatskins per dozen in the raw state as \$6.50 per dozen. Based upon the 1910 census, showing years 1899, 1904, 1909, and 1912, the declared average value of raw goatskins is \$6.52 per dozen.

The average cost of the finished product is approximately \$9 per dozen.

Taking the average cost of the finished product as a basis of calculation:

	Per cent.
Cost of the raw material.....	72. 22
Cost of labor.....	13. 89
Cost of tanning materials.....	8. 33
Cost of manufacturing expense.....	5. 56
Total.....	100. 00

The foreign manufacturer has an advantage over American manufacturers in the purchase of raw material by reason of being closer to the point of origin—the large percentage of goatskins grow in the Eastern Hemisphere—and the skins coming from

PARAGRAPH 451—LEATHER.

South America are principally shipped via Europe, thereby effecting a saving in freight, insurance, interest, and handling amounting approximately to 3 per cent, equal to 2.17 per cent of the total cost of the finished product.

The cost of labor to the foreign manufacturer is about one-half of that paid for the same labor in America, effecting a saving of 6.94 per cent of the total cost of the finished product.

The foreign manufacturer also has some advantage in the purchase of chemicals which enter into the manufacture of glazed kid which are subject to duty in America, such as glycerine, arsenic, bichromate of potash, bichromate of soda, aniline colors, dye woods, hyposulphide of soda, and sulphide of sodium, and many others, amounting to approximately 12½ per cent, equal to 1.42 per cent of the total cost of the finished product.

Manufacturing expenses 33½ per cent less, equal to 1.85 per cent of the total cost of the finished product.

The foreign manufacturer's advantage is:

	Per cent.
Raw material.....	2.17
Labor.....	6.94
Chemicals.....	1.42
Manufacturing expenses.....	1.85
Total.....	12.38

Twenty-five years ago goat-skin tanning or manufacturing was an infant industry in America. Its market was dominated by French and German manufacturers. The best grades of kid cost then from 70 to 80 cents per square foot, or a general average cost of from 30 to 40 cents per square foot, since which time, through the perfecting of a mineral tannage and protection, the American manufacturer has regained our home market. Through the competition of the 34 manufacturing concerns the price has been reduced; the best grades of kid to-day sell at from 30 to 35 cents per square foot, or a general average of 18 cents per square foot.

Up to five years ago the American manufacturer dominated the world's market, enjoying a great domestic and foreign demand. Since, however, owing to the American proclivity to extravagance and love of novelty, the domestic consumption has been greatly decreased through the use of patent and fancy leathers and various fabrics, such as cloths, velvets, silks, satins, and canvas, leaving now a domestic demand chiefly for the cheaper grades. Fortunately, the export demand has been for the better grades, enabling us to continue business, but in a lessened percentage of the world's volume.

The decrease in value from 1909 to 1912 is 16.15 per cent; the decrease in number from 1909 to 1912 is 6.08 per cent.

The English, French, and German manufacturers have adopted all new American machinery, send each year experts to America to glean new ideas and secure expert American workmen to teach their employees, and during the same time (or for the past five years) have more than doubled their production, tanning now approximately 37.50 per cent of the world's supply of goatskins.

Now the crux of the situation is this: The foreign manufacturers have a demand for the better grades beyond their ability to supply, but only a limited demand for their cheaper grades, because cheap shoes in foreign countries are principally made of cow-hides, calf or sheep skins. Not having a market for their cheaper grades, the increase of their production has been thus limited.

Should the present duty on glazed kid be removed, the foreign manufacturers would soon, because of lower costs, secure and dominate the American market for cheaper grades and through increased production hold their own markets for better grades, thus seriously hurting our industry, to the detriment of some 12,000 employees, who now receive annually \$6,000,000 to \$7,000,000 in wages.

MOROCCO MANUFACTURERS' NATIONAL ASSOCIATION,
 GEORGE H. MCNEELY, *President*.
 CHAS. A. REYNOLDS, *Chairman Executive Committee*.
 LAIRD H. SIMONS, *Secretary*.

PARAGRAPH 451—BOOTS AND SHOES.

BRIEF OF SALOMON & PHILLIPS, NEW YORK, N. Y.

NEW YORK, N. Y., February 6, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman, Committee Ways and Means, Washington, D. C.

DEAR SIR: Permit us to call your attention to the fact that on account of the duty at present placed on the articles known under the leather schedule as sealskins and moroccas, which come under the term of "Leather not specially provided for" at 15 per cent duty, this duty has prohibited competition in these articles.

For that reason the use of sealskins has been discontinued in such articles as shoes and slippers wherein this article was very largely used in years gone by.

Such articles as hair seal, goat and calf, by reason of the duty placed on them at the present time, can not be imported in this country, and these articles are being made by one or two concerns who practically control the output.

On account of freight charges and other necessary expenses combined with the duty, places the domestic leather in a noncompetitive class.

The 15 per cent duty on this leather is practically prohibitive and you can glean from statistics, if examined, that practically nothing in the way of sealskins has come into this country since this duty has been in effect.

We think that a reduction of duty should be made on all finished leather for the best interests of all concerned.

We do not ask for the removal of duty on goods which should be protected, but what we would like is a competitive market, reasonably competitive, and no doubt the idea of your committee is to at least have fair competition and not have the whole trade gathered up by a few protected manufacturers.

If it is the idea to reduce the general line of leather, we hardly think it fair to leave a clause which will retain certain leathers at the present rate.

Respectfully submitted.

SALOMON & PHILLIPS.

BOOTS AND SHOES.

TESTIMONY OF JOHN F. TOBIN, PRESIDENT BOOT AND SHOE WORKERS' UNION.

The witness was duly sworn by the chairman.

MR. TOBIN. Mr. Chairman and gentlemen, it appears to me that the honorable gentlemen of the committee, as well as the gentlemen who have been presenting this case, have dwelt entirely too much upon the retail price of shoes in their effort to bring this question before you forcibly.

A very large percentage of the shoes sold abroad are sold by manufacturers retailing them from their own stores in foreign countries, which enables them to get the profit that usually goes to the manufacturers plus the profit which usually goes to the retailer. In this way they have been able to invade the foreign markets.

Very few of the American-made shoes are sold in the competitive market in foreign countries because the retailers in those countries have a prejudice against American shoes and prefer to buy the shoes that they have been accustomed to purchasing.

This whole question of the proposed removal of the tariff on shoes is based upon the supposition that the consumer is going to be benefited in proportion to the amount of reduction in the tariff. I maintain, in behalf of the organized shoe workers of this country, that no such result will follow from the entire abolition of the tariff.

THE CHAIRMAN. Mr. Tobin, that is not the first proposition. The first proposition is for the Government to get some revenue. The other is a secondary proposition, that the consumer may be benefited.

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Mr. TOBIN. If the Government wants a revenue at the expense of the daily and weekly earnings of the shoe workers, in our loyalty to the Government we will yield a portion of our wages, but I do not believe that the voters of this country have registered their approval of a policy which takes the tariff off shoes and leaves the wage worker in the shoe trade of this country subject to that keenest of competition between manufacturers which prompts them to fix their wages at that level.

Bear in mind this fact that the shoe manufacturers of this country, fully two-thirds of them or more, are running factories which they call open factories in which they set up the contention that they are going to run their business in their own way and without any interference from any outside source, meaning in plain English that they will make their conditions of labor, the wages which they pay, based upon what they themselves believe to be a fair rate.

The gentlemen who believe in the open-shop policy so-called, in their zeal to manage their business in their own way, sometimes—yes, frequently, if not always—overstep the bounds and go to the extent of managing and directing the interests and welfare of the men and the women who work for them.

I have not the slightest objection in the world to any shoe manufacturer, or any other kind of a manufacturer, running his business in his own way. But I object most strenuously to him managing my business and my domestic affairs and my standards of living for me. I may be inferior to him in my ability to manage my business, but I want to manage it even if I mismanage it. And the large manufacturers to-day, who are operating what are called union shops, make scales of wages with the union, with arbitration as a safety valve. What I mean by that is that they will make their scale of wages with the union by mutual agreement, sitting down across the table, and if they fail to agree then they submit their differences to a board of arbitration, and the decision of that board is final and binding upon all.

Those manufacturers and those workmen who are employed in such factories are subject to the competition which comes from those gentlemen who operate their factories in their own way and without any interference from any outside sources. Those manufacturers with whom we deal are obliged to meet that competition, and in making our wage scale we are obliged to take into account the wages paid in so-called open shops.

If this tariff is removed. I maintain there will be no reduction in the retail price of shoes. but there may be a substantial reduction in wages. Even if the manufacturer does not suffer any impairment of his profits, advantage will be taken of that argument as a reason for reducing wages. That is the thing we fear, and the organized shoe workers will have to measure their wages by that general reduction which would follow from that excuse.

I have prepared and have here a table by which I am going to try to show you gentlemen why I base my conclusions that there will be no reduction at all in the retail price of shoes. I ask you to follow me closely in these prices which I will enumerate so that you may possibly understand what I am driving at, and if not I will be pleased to answer any questions.

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The present wholesale price of a pair of shoes for which the dealer pays 75 cents is \$1 as a retail price. The retail price of shoes is fixed by the retail shoe dealer in multiples of 25 cents and nothing less on the cheaper grades of shoes. On the next grade in multiples of 50 cents, and in the next grade a dollar, and the next grade higher still to \$2. There are no cutting of figures less than 25 cents, so that the 75-cent shoe at wholesale is retailed for \$1.

Removing the tariff on that shoe, which is a shoe made of bovine hide, which would be $7\frac{1}{2}$ cents, would make the cost of the shoe $67\frac{1}{2}$ cents, providing it is sold minus the tariff, and the retail price of that shoe for which the dealer pays $67\frac{1}{2}$ cents will be \$1 and not $92\frac{1}{2}$ cents, as we suppose, if the tariff is abolished.

The next grade of shoe is 90 cents. The retail price of a shoe for which the dealer pays 90 cents is \$1.25.

The removal of the tariff makes the price of the shoe at wholesale 81 cents. The retail price is still \$1.25, because there is no breaking of that quarter. The price of that shoe would not be \$1, because that would not yield the retailer a sufficient profit.

Now, bear in mind, that when we are talking about the margin which the retailer—the shoe dealer—apparently has, this fact ought to be taken into consideration, that the retailers are not getting rich. They have a very precarious existence. Very few of them are successful.

Now, you go on down through the list with a shoe wholesaling at \$1.15, \$1.50, \$1.90, \$2.25, \$2.60, \$2.75, \$3.15, \$3.25, \$3.75, and \$4.25, showing the retail price in each case, and I will not burden you with all the figures in connection with the discounts on account of the removal of the tariff. It runs up on shoes retailing for \$7, the present wholesale price of which is \$4.25. Minus the duty, it would be $\$3.83\frac{1}{2}$, although the retail price would still be \$7, and I draw your attention to what I allege to be a fact that in the higher grade shoes there is less likelihood of a reduction in the retail price because of the removal of the tariff. If it were probable that the retail price of shoes would be reduced in proportion to the entire amount of the tariff, we would, perhaps, have very little argument in support of our contention; but we have found by experience that the price of shoes at retail has been steadily advancing, due, first, to the increased cost of material and also to the increasing necessities of the retailers. They are looking for more money, and, of course, they must have more money to meet the higher rents and higher costs of living which we all suffer from.

The above wholesale prices may vary a few cents up or down with different manufacturers, but these will not change our figures as to retail prices.

In support of our conclusions relative to the fixed quantity of retail prices for shoes, I quote the following from the Boot and Shoe Recorder, published in Boston, Mass., under date of December 4, 1912, from the pen of Mr. E. W. Smith, president of R. P. Smith & Sons Co., Chicago, Ill., large jobbers of shoes:

That blind adherence to old traditions which has caused the average shoe retailer to ask no more than \$5 for shoes which cost him \$3.25 has been the ruin of many a merchant. It is as easy for a good salesman to get \$5.50 as it is for him to get \$5, especially

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if he is working with the courage of the conviction that he is giving good value. The American people advocate good profits. They want no man to fail, but would rather see him successful. They want good shoes and are willing to pay for them.

This, gentlemen, is an authority on shoe retail prices.

The CHAIRMAN. Mr. Tobin, your time has expired. How much time do you need to finish what you have to say?

Mr. TOBIN. Oh, I could possibly finish in 10 minutes.

The CHAIRMAN. The rule of the committee has been to allow each witness 10 minutes, but we have a great many other industries here that have to be represented. I think there are a hundred witnesses here, and we have only gotten through with six. I do not want to interrupt you—

Mr. TOBIN. My information is that I would be allowed a half an hour.

Mr. PAYNE. Suppose this committee should take this 10 per cent duty off of foreign shoes imported here, in your opinion would those foreign shoes sell any cheaper to the home consumer? Would not the duty be absorbed through the foreign manufacturer, the wholesaler, and retailer?

Mr. TOBIN. Yes, sir; absolutely.

Mr. PAYNE. I asked that because I think, perhaps, I have had more widely extended experience in reducing duties than any other man in this generation, and I have found it inevitably true that if you take the whole tariff off it will go into the pockets of somebody else.

The CHAIRMAN. Mr. Tobin, do you think another 10 minutes will suffice?

Mr. TOBIN. I shall endeavor to finish within that time, but I am somewhat disappointed, because I understood that my allotment was a half hour.

The CHAIRMAN. As I explained to-day, the committee, in all of these schedules, determined to divide the time between the witnesses and give them allotted time in advance; but we found that the number of witnesses coming here was a greater deal larger than we expected, and that it was impossible to maintain that. However, realizing that you want to present your side of the case, with the unanimous consent of the committee I will give you more time. Do you think 10 minutes will cover it?

Mr. TOBIN. While speaking, I am not able to measure the time, but I hope you will remind me when my time has expired.

The CHAIRMAN. The witness has asked consent to proceed 10 minutes further. Is there any objection? [After a pause.] The Chair hears none.

Mr. LONGWORTH. I want to ask you one or two questions, Mr. Tobin.

The witness before you, Mr. McElwain, who is a practical shoe manufacturer, when I asked him the various items of cost of making a pair of shoes, gave these as his estimates: The cost of material, 60 per cent; the cost of maintaining machines, $2\frac{1}{2}$ per cent; the cost of overhead charges, $10\frac{1}{2}$ per cent; and the cost of labor, 28 per cent. Those are in round numbers. You are a practical shoe worker, are you not?

Mr. TOBIN. Yes, sir.

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Mr. LONGWORTH. Do you agree with his statement as being a fair statement of the various items in the list?

Mr. TOBIN. There is only one item there in which I would be justified in making any statement upon, and that is the one with reference to labor.

Mr. LONGWORTH. Yes.

Mr. TOBIN. I do not know what Mr. McElwain's cost would be, but the cost to make a shoe in the Brockton Shoe Factory, for example, which is the largest shoe center in the world, is estimated at $17\frac{1}{2}$ per cent of the retail price; so that a shoe that retails at \$4 would pay a wage of four times $17\frac{1}{2}$.

Mr. LONGWORTH. Then, you put the labor cost at from 17 per cent up?

Mr. TOBIN. On the retail price. I do not know how Mr. McElwain gets his figures.

Mr. LONGWORTH. No; that is his factory price.

Mr. TOBIN. The factory price?

Mr. LONGWORTH. The actual factory cost.

Mr. TOBIN. I could not answer that question.

Mr. LONGWORTH. Well, generally speaking, if it was $17\frac{1}{2}$ per cent of the retail price, that would bring it up to something like 30 per cent of the actual cost of producing it.

Mr. TOBIN. Yes; that is near enough.

Mr. LONGWORTH. Do you think 30 per cent of the cost of making the average pair of shoes is labor—the actual cost; not the retail cost?

Mr. TOBIN. I am not able to say, because I do not know what wages are in many factories. That is something we are not able to get, except in factories in which we have organizations.

Mr. LONGWORTH. Then, I can not ask you the question I intended to, if you are not certain as to the labor cost.

Mr. TOBIN. Well, it would be impossible for anybody to be certain, except the manufacturer in that particular factory. They guard those figures very jealously.

Mr. LONGWORTH. Then, let me ask you another question: Are you familiar with the question of the price of shoes at home and abroad?

Mr. TOBIN. In a general way.

Mr. LONGWORTH. Do you believe that, generally speaking, American shoes are sold abroad cheaper than they are at home?

Mr. TOBIN. I do not think they are, but even if they were, it would be in conformity with the general practice prevailing in the retailing of shoes in any particular country. For example, if a retailer in this country feels that he must get \$1 a pair profit on a \$3.50 shoe, the foreign retailer might be satisfied with 75 cents or even 50 cents; so that the manufacturer making shoes in this country and retailing them in his own stores in the old country would have to conform to that measure of retail profit, and if American shoes sell in England or any place else at a less price than they are retailed for in this country that is no reflection upon the manufacturer here. He is simply taking it out of the retailer's margin in selling in the old country. That is the reason why I reached the conclusion that,

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regardless of the amount of tinkering with the tariff, the consumer is not going to get the benefit ultimately.

Mr. LONGWORTH. Now, just one last question: From your knowledge of wages paid in this country to make a pair of shoes as compared with the wages paid abroad, do you believe the duty of 15 per cent on the higher grade of shoes and 10 per cent on the lower grade is any more than the difference between the actual labor costs?

Mr. TOBIN. I believe that the present tariff of 10 per cent on certain kinds and 15 per cent on other kinds is absolutely necessary, not because of any comparison of wages, because I can take the wage scale in this country and the wage scale in any foreign country, as applied to shoes, and I can prove my case for either free trade or protection. I do say that in this country the standard of living is so much higher than in any foreign country where they make shoes that we can not afford to jeopardize that standard of living by giving the manufacturer any excuse to reduce the present standard of living by reducing wages. We maintain that the English or any other foreign shoemaker who wears a cloth cap for which he pays 25 cents fixes the standard of living by that cap, insignificant as it may appear. In this country the equivalent headgear is a fur felt hat, which the shoemaker buys for \$3 or \$4 at retail.

You can go down the entire list of the necessities of life and find the same line of reasoning—the houses we live in, the furniture in our houses, the food we eat, the garments we wear, all relatively much higher in grade than in any of the foreign countries. I will not have to give you any statistics to prove that. You have observed that yourselves, those of you who have traveled, and those who have not traveled have seen it in the emigrants from the foreign countries coming here.

Mr. KITCHIN. Let me ask you a question right there. Take a laboring man who lives in one of those good houses, who is well fed and well kept and well groomed, and who has this high standard of living, can he not turn out more, and is he not more efficient than what you call the pauper labor of Europe, labor that is not so well accommodated and which has not so many comforts, and is not that one of the reasons that the laboring people in this country are demanding a higher standard of living—because the better you treat a man the more he can turn out for his employer, the more efficient he is?

Mr. TOBIN. I have not used the words pauper labor of Europe. We have absolute free trade in labor, while we have had a protective tariff on manufactured goods, and the gentlemen for whom I speak here to-day in our organization are very largely men of foreign birth and very largely men of recent arrival, that, translating themselves to this country and applying themselves to the American method of machinery and minute detailed subdivision, have become expert workmen in a very few weeks at the outside.

Mr. LONGWORTH. Have you ever known of an American shoe worker to go abroad to better his condition?

Mr. TOBIN. Yes, I have; many of them. They are engaged in this country by foreign shoemakers and go abroad under a contract with them to supervise the making of shoes in foreign countries, to get

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them up to the American standard of shoemaking, and the American styles of making shoes, which are preeminent as nice looking shoes in all countries.

Mr. LONGWORTH. Well, are they paid the same wages as the foreign shoe workers?

Mr. TOBIN. They are paid more than they can get here. Those American shoe workers would not go to a foreign country as a supervisor or foreman or instructor of foreign shoe workers except at a very handsome rate of wages; but in proportion to the high rate paid for supervision in that same factory, the rank and file of the workers that are being instructed by this man are paid proportionately less. In other words, the manufacturer will stand so much expense, and if that is paid to one man it comes out of a hundred.

Mr. LONGWORTH. Do you believe that the placing of shoes on the free list would have a tendency to reduce the standard of living of American shoe workers?

Mr. TOBIN. Without any question.

Mr. RAINEY. Why, Mr. Tobin; because they would be paid less wages?

Mr. TOBIN. The foreign shoe manufacturer would then find a very large market in this country, and he would apply himself to making the American styles of shoes. The American supervision in their factories would yield that result, with the American machinery which they are now working, and very diligently, within the last two or three years, particularly.

Mr. RAINEY. But you are interested primarily in keeping up the wages of the workmen in these factories?

Mr. TOBIN. Entirely so.

Mr. RAINEY. Is it not true that the union of which you are the head at the present time is engaged in a strike in Mr. McElwain's factories?

Mr. TOBIN. Yes, it is; in one of the factories.

Mr. RAINEY. Then it is not the tariff that keeps up the wages of your union. It is the fact that you are organized, and that you can compel these manufacturers to pay your wages?

Mr. TOBIN. No.

Mr. RAINEY. You are trying, independently of the tariff, to make them pay you the wages you think the members of your union ought to have?

Mr. TOBIN. No; not at all. We are trying to make them pay the competitive rate of wages.

Mr. RAINEY. And he will not do it?

Mr. TOBIN. He does not like to do it, and he has not agreed so far to do it.

Mr. RAINEY. Does not that show, too, that it is the organization of your union that keeps up wages and not the tariff?

Mr. TOBIN. Well, in so far as we can, but there are limitations.

Mr. RAINEY. Does not Mr. McElwain and all the rest of the manufacturers pay their employees just as little as they can?

Mr. TOBIN. Everybody making shoes does that.

Mr. RAINEY. The fact that you can get good wages now, or what you consider good wages, is due to the fact that you demand them

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and are strong enough to get them; otherwise you would not be in this fight with Mr. McElwain right now, would you?

Mr. TOBIN. When we started out 15 or 16 years ago to build up the wages through our organization it was very uphill work, and it has been uphill work all the time since then. We have built up the wages, but coincident with that somebody has been building up the cost of living.

Mr. RAINEY. Mr. McElwain is the largest shoe manufacturer, is he?

Mr. TOBIN. I think I can safely say that he is the largest shoe manufacturer in the country.

Mr. LONGWORTH. How much higher are the wages of the union manufacturers than are the wages of the nonunion shoe manufacturers? Generally speaking, do the union wages run much higher?

Mr. TOBIN. Yes; a good deal higher; in many cases 25 per cent or 30 per cent higher; but the peculiar thing about that, gentlemen, is one that will perhaps surprise you—that, almost without exception, the manufacturers who pay the highest rate of wages are the most prosperous. The reason for that is, what I mentioned a while ago, that we maintain a system of arbitration which eliminates strikes upon the part of the employees and lockouts upon the part of the employers, and the economy of producing shoes under that system is so great that there is no loss at all through strikes and lockouts, and that difference is applied to wages. It makes for the success of the wageworkers, and, coincident with that, the success of the employers. It is those arbitration contracts and those friendly relations that prompt me to come before this committee, and I believe it is the first time in the history of our union—I know that it is the first time that we have ever appeared here in connection with any tariff.

Mr. RAINEY. Are your friendly relations with the very largest of all these manufacturers, Mr. McElwain, what brings you here to-day; the fact that you are getting along so nicely with him?

Mr. TOBIN. No; it is in spite of the fact that we disagree with him.

Mr. RAINEY. Are you here at his request?

Mr. TOBIN. No, sir. I am here at the request of the organization that has delegated me to come here, and at no other request.

Mr. LONGWORTH. Mr. Tobin, are you familiar with the rate of wages paid to union men in England?

Mr. TOBIN. No.

Mr. LONGWORTH. Shoe workers.

Mr. TOBIN. And if I were, it would not illuminate this case at all.

Mr. LONGWORTH. Except to this extent, that Mr. Rainey says that the only thing that keeps wages higher in this country than in England is the appearance of the unions.

Mr. TOBIN. Well, the union shoe workers in England are stronger numerically and financially than we are.

Mr. LONGWORTH. How do their rates of wages compare with yours?

Mr. TOBIN. I believe it is impossible to measure them. I know this, that the man who makes \$10 in England is making as much money as the man who makes \$16 here.

Mr. KITCHIN. Why is that—because the cost of living is higher here, is it not?

Mr. TOBIN. No; because their standard of living is on that scale, and they make wages in proportion to that standard of living.

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Mr. PAYNE. If they lived on the same plane as you do here, they would need the same wages, would they not?

Mr. TOBIN. If they lived on the same plane as we do here, or tried to, they would find themselves running very short.

Mr. PAYNE. They would need your standard of wages?

Mr. TOBIN. They would need our standard of wages.

Mr. PAYNE. When you have arbitrations, do the arbitrators take into consideration the fact whether the manufacturer is able to make both ends meet in order to pay you those wages?

Mr. TOBIN. Yes; the manufacturers with whom we have contracts will quote prices accordingly. Mr. McElwain will not let investigators into his factory to get figures.

Mr. PAYNE. That is why you are interested in the tariff here?

Mr. TOBIN. Yes, sir.

Mr. KITCHIN. Speaking of this \$10 that the laboring man in England gets, which is the same as \$16 to a man here, Mr. Payne had you say that is on account of the higher standard of living here. Let us see about that. Will not that \$10 there buy more clothes and more bread and more underwear and more hats than the \$16 the man gets here?

Mr. TOBIN. He will not buy any hats at all. The foreign shoe worker does not wear a hat.

Mr. KITCHIN. Well, suppose he does. He wears clothes, does he not?

Mr. TOBIN. Yes, of the very cheapest kind.

Mr. KITCHIN. And he eats sugar and meat, does he not?

Mr. TOBIN. Very little meat and not much sugar.

Mr. KITCHIN. But he really saves more than the man here does, does he not?

Mr. TOBIN. I do not know that he does.

Mr. KITCHIN. Do you not know as a fact, that in England, where there is no tariff upon wearing apparel and such things as that, as well as food, that \$10 goes about as far as \$16 does here?

Mr. TOBIN. Yes; I dare say it does, but it does not go far enough.

Mr. KITCHIN. That has nothing to do with the standards of living.

Mr. TOBIN. In Free Trade England the standard of living is so much lower than the standard of living in this protective country, that we do not want a free trade living here.

Mr. KITCHIN. If the English standard of living is so low and deplorable, why do not the English laboring men come over here and take the place of the laboring men here, and why is it that these American laboring men, as you have just testified, go to England?

Mr. TOBIN. They do come over here.

Mr. KITCHIN. How many English laboring men—English born, now, born in Great Britain—are employed in the mills of Mr. McElwain, or what proportion?

Mr. TOBIN. I do not know.

Mr. KITCHIN. Is it not less than 1 per cent?

Mr. TOBIN. I do not suppose there is 5 per cent of Mr. McElwain's employees who can speak the English language.

Mr. KITCHIN. Not 5 per cent can speak the English language? So the largest proportion of Mr. McElwain's employees come from the

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high protective-tariff countries, such as Germany, Italy, Greece, etc., and not from free-trade England?

Mr. TOBIN. Very few.

Mr. KITCHIN. Don't you know that if conditions were as deplorable as you picture them in free-trade England that some of those fellows would come in, but instead of that they are coming from the high-tariff countries?

Mr. TOBIN. I am not speaking of free-trade England at all.

Mr. KITCHIN. Yes; you were speaking of that a while ago.

Mr. TOBIN. I am speaking of European countries.

Mr. KITCHIN. Well, what European country? Let us get at that now.

Mr. TOBIN. Italians, Armenians, Greeks, Poles, and Swedes.

Mr. KITCHIN. So you will really take it back about free-trade England, or you say you were not referring to England a while ago?

Mr. TOBIN. I say that the standards of living in European countries, regardless of whether in a protective-tariff country or a free-trade country, is so much lower than in this country, that we do not want to experiment with what we have now.

Mr. KITCHIN. That is excepting England, is it not?

Mr. TOBIN. No.

Mr. KITCHIN. All right, then, but you do admit that there is not 1 per cent of the employees in Mr. McElwain's factory who came from England.

Mr. TOBIN. I do not say that.

Mr. KITCHIN. You said that 95 per cent could not speak the English language.

Mr. TOBIN. I said not more than 5 per cent could speak the English language.

Mr. KITCHIN. So that 95 per cent are foreigners that did not come from England, are they not?

Mr. TOBIN. Well, that has been proved by your illustration. What have I got to answer?

Mr. KITCHIN. I am not proving anything; I am getting at the facts.

Mr. TOBIN. What do you want me to answer?

Mr. KITCHIN. I want you to answer this: You said that if we remove the tariff of 10 per cent, the manufacturer would take that as a pretext to try to cut your wages. Is that true?

Mr. TOBIN. Yes; absolutely true, as applied to nonunion factories.

Mr. KITCHIN. So that the only thing you want is simply to prevent them from having a pretext to fight your union, is it not?

Mr. TOBIN. Oh, not entirely so. To-day the foreign workman is not necessarily a shoe worker, but any foreign man with two hands and a brain can come into this country and apply himself in the average shoe factory and within a few weeks become a skilled workman, because of the small subdivisions into which that trade is divided. What we are protesting against is, in addition to this free trade in labor that you have imposed upon us, the free trade in the product of the foreign manufacturers will be added to what we suffer from now, and these shoes that are manufactured abroad will come here and crush us, plus the foreign labor which comes in here now.

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Mr. KITCHIN. Is this foreign labor that is employed in Mr. McElwain's factory in the union?

Mr. TOBIN. Not so that you could notice it.

Mr. KITCHIN. Well, does not the union contain a large proportion of the employees in the shoe factories generally?

Mr. TOBIN. It is less than one-third.

Mr. KITCHIN. A large proportion of those workers can not speak the English language?

Mr. TOBIN. We have all kinds of languages.

Mr. KITCHIN. Answer that. You are the head of the union, and I ask you if it is not a fact that a large percentage, more than 50 per cent of the employees in the shoe factories in New England and in the North are of foreign birth?

Mr. TOBIN. Yes.

Mr. KITCHIN. And what proportion can not read or write or speak the English language?

Mr. TOBIN. A very large percentage of them can not, and they are of recent importation.

Mr. KITCHIN. Of recent importation?

Mr. TOBIN. Yes.

Mr. KITCHIN. So that the tariff has not had any effect in keeping out pauper labor to compete with your American labor, has it?

Mr. TOBIN. Oh, no; there never has been a tariff on labor.

Mr. KITCHIN. Your trouble is with the free trade in labor, free trade in Italians, free trade in Poles, and free trade in different kinds of pauper labor coming from all over the world; that is the real trouble, is it not?

Mr. TOBIN. I want to say to you that the foreign workman who comes here, after he has been here a very short time is dressed as well as the American.

Mr. KITCHIN. But he is an American laborer then.

Mr. TOBIN. He imbibes the American standard of living, except when they go to the mill towns, the textile mills. In the shoe factories there he gets advantage of the ideas that they have and their standard of life, and the manufacturer in search of cheap labor, a manufacturer of shoes, will strike a mill town, if possible, where they have been in the habit of making textile articles at a low rate of wages and at a low standard of living.

Mr. KITCHIN. The men working in these shoe factories who belong to your union wear hats in this country, do they not?

Mr. TOBIN. Oh, yes.

Mr. KITCHIN. And they wear clothes here, do they not?

Mr. TOBIN. Yes.

Mr. KITCHIN. Sometimes they wear shirts and collars, do they not?

Mr. TOBIN. Always.

Mr. KITCHIN. Sometimes they wear an overcoat; every now and then?

Mr. TOBIN. Yes.

Mr. KITCHIN. And underwear?

Mr. TOBIN. Yes.

Mr. KITCHIN. And sometimes they buy sugar, do they not?

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Mr. TOBIN. Yes.

Mr. KITCHIN. And meat?

Mr. TOBIN. Yes.

Mr. KITCHIN. And fish?

Mr. TOBIN. Yes.

Mr. KITCHIN. Sometimes they buy crockery ware?

Mr. TOBIN. Yes.

Mr. KITCHIN. Sometimes they eat out of some utensils, do they not?

Mr. TOBIN. Yes,

Mr. KITCHIN. Did you ever let them understand that there was as much as from 90 per cent to 100 per cent tariff or tax on the clothes they wear, and from 40 per cent to 75 per cent upon the hats they buy, and 25 per cent to 35 per cent upon the meat and fish they eat, 60 per cent upon the sugar, and from 40 to 75 per cent upon the cutlery and crockery ware that they must have; and that when they are crying for a small 10 per cent tariff on shoes, they ought also to cry against this high tariff on practically everything they wear and eat; and that if the laboring men would come here and help reduce the tariff, they would get the benefit of the reduction of the tariff on all these articles of necessity that they have to buy?

Mr. TOBIN. That line of reasoning would be excellent if it were sound.

Mr. KITCHIN. I am not reasoning at all, but I am asking you if you let them understand that?

Mr. TOBIN. No; because they are not facts.

Mr. KITCHIN. Is there not a 90 per cent tariff on clothes?

Mr. TOBIN. Yes.

Mr. KITCHIN. That is a fact, is it not?

Mr. TOBIN. Yes.

Mr. KITCHIN. Did you ever tell them that they would have to pay that?

Mr. TOBIN. We have told them if we could tell them anything at all.

Mr. KITCHIN. They can not understand English, and therefore you did not tell them?

Mr. TOBIN. It is pretty hard to tell them.

Mr. KITCHIN. Did you ever tell them that they must pay 2 cents tariff tax on every pound of sugar that they have to buy?

Mr. FORDNEY. Well, that would not be telling the truth, if you said that.

Mr. KITCHIN. That is a fact, notwithstanding that my friend, Mr. Fordney, says otherwise.

Mr. FORDNEY. No; it is not a fact. I beg to differ with you.

Mr. KITCHIN. The trouble about the business is that they know so little about our language and the tariff and its workings, that they just follow some leader, like you, for instance. You say that they do not know anything about these matters, about the taxes they must pay on everything they eat and wear—they do not understand that.

Mr. TOBIN. I have tried to tell this committee that the retail price will not be reduced.

Mr. KITCHIN. Perhaps if they did understand they would not send you down here to speak for them in favor of a protective tariff.

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Mr. TOBIN. I think most of them, after they are here some time, "get wise," as the saying is, and they understand that the tariff has very little to do with the retail price. I am not here to defend the American Sugar Co., or any other sugar company, but I notice that whenever there is a slight fluctuation in the price of sugar, the retailer knows about it and the consumer gets the benefit of it. I buy sugar for use in my family, and sometimes it is 5 cents a pound, sometimes it is $5\frac{1}{2}$, and occasionally it is $4\frac{1}{2}$ cents a pound; but there is no such fluctuation in garments or shoes or any other things.

Mr. KITCHIN. You think that if the laboring men in this union could understand English and had this tariff explained to them on sugar, they would be asking for free sugar, do you not?

Mr. TOBIN. It might be.

Mr. KITCHIN. Don't you think that, if they could understand the English language, you could explain to them that the woolen clothes and underwear which protect them from the rigid climate of the North is taxed from 60 to 100 per cent they would be clamoring for a reduction of the tariff that they might get them a little cheaper?

Mr. TOBIN. I dare say they would, because I know, as a matter of fact, that many of the spellbinders in the recent election told them that.

Mr. KITCHIN. Oh, but they could not understand it.

Mr. TOBIN. And they swallowed that.

Mr. KITCHIN. And they voted that way, did they not?

Mr. TOBIN. Yes.

Mr. KITCHIN. But only 5 per cent of them could vote.

Mr. TOBIN. Well, but the 5 per cent was enough to elect in many cases.

Mr. KITCHIN. We fooled only 5 per cent and you fooled the other 95 per cent.

Mr. TOBIN. Five per cent would make the difference between success and failure in election contests.

Mr. KITCHIN. You voted in the last election for protection, did you not?

Mr. TOBIN. No, sir; I did not.

Mr. KITCHIN. Well, I am glad you did not. Now, we are commencing to agree.

Mr. TOBIN. But I am not going to ask you how you voted, nor am I going to leave the impression that I voted for free trade. I will tell the truth. I did not vote at all.

Mr. KITCHIN. Well, you just stood with the other 95 per cent of your union, of these laborers; you were in the majority and you did right. You are qualified to vote, are you not?

Mr. TOBIN. I beg your pardon?

Mr. KITCHIN. You are really qualified to vote, are you not?

Mr. TOBIN. Oh, yes; I have a franchise, and I am registered and qualified to vote.

I am afraid that my 10 minutes have expired.

Mr. HARRISON. Mr. Tobin, you may proceed with your statement now.

Mr. LONGWORTH. Mr. Tobin, are you sure Mr. Kitchin understood you to say that 95 per cent of the shoe workers in New England could not speak the English language?

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Mr. TOBIN. I do not think he meant that.

Mr. LONGWORTH. Oh, yes.

Mr. KITCHIN. He says that only 5 per cent of the employees in Mr. McElwain's factory could speak the English language. Five from a hundred leaves 95 per cent that can't speak the English language.

Mr. TOBIN. But that is not in the State of Massachusetts.

Mr. KITCHIN. Then you said that over 50 per cent of the men engaged in the shoe business in the North—in New England could not speak the English language; that is about right?

Mr. TOBIN. Yes; practically.

Mr. LONGWORTH. About 50 per cent?

Mr. KITCHIN. Over 50 per cent.

Mr. TOBIN. But I am willing to admit that, because it proves my case.

Mr. KITCHIN. Yes; I know, but I am not after proving the case or disproving it. I want the facts.

Mr. LONGWORTH. Let us get this perfectly straight in the record about the New England shoe employees.

You say that 50 per cent of them can speak the English language, and about 50 per cent of them can not speak the English language?

Mr. TOBIN. No; I would not say that. I say that about 50 per cent is of foreign birth, and that many of them of recent arrival.

Mr. LONGWORTH. Yes.

Mr. TOBIN. Many of the foreigners can speak excellent English and have been here for some years, but quite a large number of the recent arrivals go into the open shops at a lower standard of wage, and are glad to get the opportunity to go to work, but they are here only a short time before they acquire a taste for the American standards of living, and then they come into the higher-wage factories.

Mr. LONGWORTH. Yes; and they are able to live up to that wage?

Mr. TOBIN. And they do live up to it.

Mr. LONGWORTH. Which they could not do abroad?

Mr. TOBIN. Which they have never done abroad.

Mr. LONGWORTH. Which they have never done abroad?

Mr. TOBIN. Yes.

Mr. LONGWORTH. But they have not grown rich?

Mr. TOBIN. Well, I dare say that they are thrifty in food, but they dress well, and they live better as to food than they did at home.

Mr. LONGWORTH. I read, Mr. Tobin, about a year ago a statement of this general case that I thought a very good one, to this effect:

The greater efficiency of labor in the shoe industry in the United States as against any foreign country is not sufficient to offset the lower standards of living in all foreign countries as compared with the United States, notwithstanding cheaper labor prices which prevail in foreign countries. To put shoes and finished leather on the free list, or in any way to reduce the present tariff, would compel the American shoe manufacturers to meet foreign competition through the only avenue open to them—

Mr. KITCHIN. What are you reading from?

Mr. LONGWORTH (reading further):

namely, to attack the wages of the shoe workers and thereby bring about a lower standard of wages than at present, and which would result in an industrial warfare, and no doubt eventually would lower the standard of wages and constantly lower the standard of living.

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Mr. KITCHIN. Is not that an abstract of a speech made by the Hon. Nicholas Longworth in Congress?

Mr. LONGWORTH. This is an extract from a speech that I made.

Mr. TOBIN. I think I know the gentleman who happened to work that off.

Mr. KITCHIN. You incorporated that in your speech last year, did you not?

Mr. LONGWORTH. Do you agree with that statement?

Mr. TOBIN. He uses the line of argument which I would use myself.

Mr. HARRISON. Mr. Tobin, if you will proceed now for 10 minutes I am very sure the committee will be glad to hear you.

Mr. TOBIN. If the chairman will prevent these interruptions, I will do so.

Mr. FORDNEY. The gentleman from North Carolina has had go into the record the fact that the cost of living in this country is higher than abroad, and if he will peruse recent consular reports, he will find that any article of foodstuff that goes on a poor man's table is lower in price in this country than it is in almost any European country, and there is but one country in which sugar is sold cheaper than it is here. That is England, and measuring a man's day's pay in England with a man's day's pay in this country, you can buy more than twice as many pounds of granulated sugar with a day's pay in this country than you can buy with a day's pay in England.

Mr. TOBIN. The difference is this: In this country he would buy a greater variety of food, a greater variety of clothing, and a greater variety of headgear and all comforts and necessities of life. A man is respectable in many of the foreign countries if he has a clean apron on. He looks just as well then, in his estimation, as a gentleman would in this country with a dress suit on. That is their standard of dress.

Mr. KITCHIN. Does that apply to England?

Mr. TOBIN. I would not like to say that in the presence of an Englishman, if we have any here. To a considerable extent, however, that is true. You will have an Englishman on the stand this afternoon and I think he will probably tell you.

I will continue, if you will permit me.

We do not desire to take the position of denying the shoe retailers an opportunity to secure better margins of profit. We believe that the proposed abolition of the tariff on shoes, which is advocated because of the possible beneficial results to the whole people, would certainly not be realized in reduced retail prices, but would surely impair the manufacturer's profit and seriously endanger the wages of the shoe worker who will be called upon to resist reductions in wages, sought to be imposed by manufacturers in their effort to meet the competition of foreign shoe manufacturers.

Either one of the two main propositions which we advance against the proposed reduction or abolition of the tariff on shoes would, in our opinion, be sufficient reason for maintaining the present tariff, or even increasing it. Nevertheless, we will deal with the second general proposition which is quite as far-reaching as our first contention, namely, that the standard of living in this country may be stated

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in general terms and without the necessity of specific evidence as being much higher than in any of the European countries.

The closest competition to American manufacturers arises in Great Britain and in Germany. This competition becomes more keen and more dangerous to this country as the manufacturers in these two named countries come closer and closer to the American standard of machinery and methods of manufacturing, and particularly in the subdivision of the labor in shoe production, which to a large extent eliminates skill and enables comparatively green help to become reasonably skilled in the manufacture of shoes after a brief experience.

That the English and German shoe manufacturers are adopting American machinery and methods is a well-established fact, and any further reduction of the tariff will enable a still larger volume of foreign-made shoes to come into our market and that, too, without giving us any equivalent foreign market in return, in the event of the tariff being reduced or abolished.

We feel convinced that the removal of the present tariff on shoes would compel a goodly number of the present manufacturers of limited capital to go out of business. The larger concerns perhaps might not suffer in consequence of such a change, because they could withdraw their capital now invested in shoe manufacturing in this country, as far as possible, and maintain only a small plant, while having the great bulk of their product made in some foreign country offering the greater labor advantages, and then by shipping the shoes here—which could be done at very small cost per pair—the American market could be supplied, and thus the shoe workers in this country would have to compete not only against our policy of free trade in foreign labor, which has always existed, but compete against foreign shoe workers employed in their own country and working at wages proportioned to their lower standard of living.

We desire it understood that whatever of unrest and labor troubles in the shoe trade have appeared during the past 15 years is not chargeable to our organization. As the legitimate organization of the shoe trade affiliated with the American Federation of Labor, we have established the highest standard of wages and the best working conditions, all of which have been made possible by the economies due to the fact that we have few labor troubles, and they occur only in factories that are conducted upon the open-shop basis, while the manufacturers with whom we have arbitration contracts are entirely free from labor troubles, consequently this saving is applied to labor in the shape of increased wages.

We will not burden your committee with any statistics or figures seeking to draw a parallel between the wages in this country as against any foreign country. Such comparisons of wages are always confusing, generally misleading, and can be used to prove a case from either side. It is impossible to make any comparison of wages which would fix the piece price for making shoes in this country as compared with any foreign country for the reason that in this country the manufacture of shoes is divided up into several hundreds of small subdivisions, each one of which constitutes an occupation for shoe operatives day after day and is their trade in so far as there is

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any recognition of a craft in the shoe trade, which is to a very limited extent on very many of the operations.

The subdivisions in foreign countries are not nearly so numerous, and they are known by different terms, and the conditions under which the work is performed differ so vastly from this country that any comparison of wage cost per pair which would be approximately accurate is out of the question. We are therefore going to confine ourselves to the general statement, which does not seem to require anything as proof to establish the correctness of our contention, that the standard of living in this country from every point of view is better than in any foreign country, and especially so in the shoe industry.

The shoe workers are much better housed, better fed, wear better clothing, and work more reasonable hours. The only serious drawback to these favorable conditions is the breakneck pace at which the operatives in our country work, which has been stimulated by the piecework system. I will mention one article of wearing apparel which you will doubtless recognize as a fact and offer this as a fair standard of comparison in all the other essentials to comfort and well-being in this country as compared to foreign shoe manufacturing nations.

The shoe worker's standard of living in this country is that he can and does wear a fur felt hat, that retails at from \$3 to \$4, while in any of the foreign countries the equivalent headgear is a cloth cap, which retails at not more than 25 cents. The labor cost in making the fur hat is from 60 cents to 75 cents, while the labor cost for making the cloth cap is 5 cents, thereby the standard of living here contributes to the employment of a vastly greater proportion of labor in the varied manufacturing and commercial pursuits of the whole Nation, while if our standard of living were on a lower plane, in that proportion would our whole Nation be on a lower level of industrial and commercial activity.

While it may be true that the present tariff may have, in the past, been sufficient to protect American manufacturers and American labor against foreign competition, it is becoming apparent that we are not longer entirely secure as England and Germany are adopting the American shoe-machinery system and American supervision and subdivision of the craft to such an extent, in the two countries named, that within a short time the present duty will not afford sufficient protection against the lower standard of living.

There are some other factors in considering the shoe tariff which are important. To put shoes on the free list would permit many articles entering into shoe production to come in duty free, while the same articles coming in not assembled in shoes would be subject to duty in their respective schedules.

After providing for the tariff on these many items and comparing them with the present shoe tariff, there would seem to be little left which might be fairly considered as calculated to protect American shoe workers against competition from abroad.

If it were possible, without meeting serious injury, to try out a free-trade policy in shoes, there might be some argument in its favor, but the trouble and danger lies in the fact that, with the loss of

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business and the much lower labor standard which we feel sure would result, it would take a long time to correct the tariff and it would be practically impossible to restore the wages and present standard of living to the shoe workers.

In behalf of about forty thousand organized shoe workers and their families, whom we represent, we urge that you do not impose any further burdens upon us in the shape of a reduced tariff.

Mr. FORDNEY. Mr. Tobin, what, if any, effect does the policy of the United Shoe Machinery Co. have upon this industry? Does it aid the laborer?

Mr. TOBIN. I would say that in the old days, 15 years ago, 10 years ago, when there were a good many different shoe-machinery interests, competing against each other for supremacy in the factory, labor was frequently forced into a conflict for the purpose of defending it against an employer. Lined up with labor was a shoe-machinery company in the interest of exploiting a certain kind of machine as against some other machine. To put it this way: Jones would have a certain machine that he wanted the employer to introduce into his factory. Brown would have a certain other machine that he wanted to introduce. Jones and Brown would compete against each other as to labor costs of producing shoes on their particular machine, and the manufacturer would take the cheapest, and labor would have to pay the difference. It was a case where we were out on a strike day after day, because of that conflict of machinery interests.

With the confederation of machinery interests, that particular factor which caused trouble was eliminated, and we now find, when we have trouble with the manufacturers, that the machinery company will not line up against us, but, having contracts with the employer to furnish machinery, they will naturally lean to the employer for the purpose of keeping their machinery running.

I believe, too, that the reduction or abolition of the tariff on shoes would be the speediest method of establishing a trust in the shoe-manufacturing trade. It has been stated that there is no trust in the shoe-manufacturing trade, but we are approaching very close to it. When one concern can manufacture, as I think it was stated, \$20,000,000 worth of shoes in a year, that is approaching very near to the point where they are coming into the trust. Other concerns approaching approximately that output will naturally next step into line. A free-trade policy here would hasten that day. I believe it is possible along these lines to entirely eliminate the manufacture of shoes in this country.

Mr. FORDNEY. What concern is the \$20,000,000 concern you speak of?

Mr. RAINEY. That is the concern his union is having a fight with now.

Mr. FORDNEY. What is the \$20,000,000 concern you spoke of?

Mr. TOBIN. I believe I heard Mr. McElwain testify to an output of \$20,000,000 here to-day.

Mr. RAINEY. That is the one you are having the fight with?

Mr. TOBIN. Not the fight; the disagreement. [Laughter.]

Mr. RAINEY. Over wages?

Mr. TOBIN. Yes, sir.

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Mr. FORDNEY. A gentleman here suggests I ask about Roberts, Johnson & Rand.

Mr. TOBIN. A statement was made, I think by the Hon. Mr. James, or the question was asked as to whether the fact exists that the shoe manufacturers were leaving St. Louis and establishing factories in country towns to get away from the unions. Any shoe manufacturing concern in St. Louis does not have to get away from the unions, because there are comparatively no unions there in the shoe trade. They go away for another reason entirely. They are seeking the lowest possible wage place to make shoes.

Mr. RAINEY. That is what I contended.

Mr. TOBIN. Yes; I believe you are the gentleman that asked the question.

Mr. RAINEY. I thank you for confirming my statement.

Mr. FORDNEY. A gentleman here suggests I ask the output of Roberts, Johnson & Rand. Do you know it?

Mr. TOBIN. I could not say, but it would be, I should think, very close to the figures of the McElwain Co.

Mr. FORDNEY. \$20,000,000?

Mr. TOBIN. Yes, sir.

Mr. HARRISON. If that is all, Mr. Tobin, you may be excused. Thank you very much.

TESTIMONY OF HON. A. P. GARDNER, MEMBER OF CONGRESS
FROM MASSACHUSETTS.

Mr. GARDNER. Mr. Chairman, I have asked for separate time for myself and for Mr. O'Hare, who is a witness I have brought here, because four years ago, and again to-day, I have heard the case for the shoe trade presented by persons whose interests in many respects do not coincide with those of the constituents whom I represent. I represent a collection of small manufacturers with small capital. Pretty nearly 100 per cent of my people speak the English language, and about half of the operatives might be called Yankees.

We do not take entirely the same view of the United Shoe Machinery Co. as does Mr. Rand and the other gentleman. I do not believe in its "tied" leases, but many of the laboring men down my way and a very large proportion of the small manufacturers think that the lease system is a protection to them, although, of course, the "tying" clauses, so called, are irksome.

The gentlemen who have spoken to you have been the large manufacturers, men who, as a rule, have shops where the men are not as highly organized as those in my district. These gentlemen have abundant resources. I understand that some of them have largely invested in the Non-Royalty Shoe Co., which is a strong concern, if I am correctly told, recently organized to fight the United Shoe Machinery Co.

With that statement, I am going to proceed by saying that we admit that the United States export of shoes is \$16,000,000 and that the importation of shoes is at present negligible.

However, the district which I represent does not make a high-class export shoe such as the Walkover. Such shoes as we export go

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largely to Cuba and Mexico, light women's shoes principally. On the other hand, such shoes as are imported come directly into competition with a part of my constituency. In fact, Mr. Bray, of the firm of Bray, Stanley & Webber, of Beverly, Mass., in my district, told me that he lost an order for 50,000 pairs of slippers in competition with an English bidder by a margin, I think he said, of 8 cents a pair, which was a pretty big margin on slippers.

I admit that I thought when Congress reduced the duty four years ago to 10 and 15 per cent—and rather more shoes come in at 10 per cent than at 15 per cent—we should see a great deal larger importation than we have, and to that extent I was mistaken. My constituents were not the people who were shouting for free hides. Of course, we were glad to get them; but we never said that we would accept free shoes if we could have free hides. When somebody representing a shoe district made that declaration on the floor of the House, I think it was Mr. Perkins, of New York, I denied that the statement applied to conditions in my own district.

On paper it is easy to figure out that the English shoemakers could to-day swamp this market with their product, even with the existing rates of duty.

There is no question about it. I have seen the English shoes. I have seen them passed around and compared them with Mr. Tobin, who has just spoken. I know their price in England. There is not the slightest question that, on paper, they could bring those shoes into this market over a 30 per cent tariff wall.

Here is the reason why those shoes are not coming in: In the first place, the shoe business in England has been pretty good, as compared with other businesses. In the second place, it is an expensive proposition to start up a new business in a foreign country. If Englishmen go to the expense of establishing a market for their wares in this country they are apprehensive lest we might raise the duty again. This has happened in many countries when England has broken into the home market. If you make the margin of profit big enough, they will send us their shoes, because then they will say, "Even if the duty is raised we shall have made plenty of money in the meantime."

A 10 per cent duty may keep foreign shoes out of this country, but if they once get a foothold here, 40 per cent duty will not drive them out again.

The true test of the international shoe situation is not whether the importations are increasing. The true test of conditions in the shoe trade is not the exports. But this is the true test for you gentlemen to investigate: Look in the neutral countries and see whether we are holding our own in these neutral countries where we are competing on even terms with foreign shoe manufacturers. That is the real test of whether we are maintaining our superiority over the rest of the world, since the United Shoe Machinery Co. has made shoe manufacturing a science attainable by everybody.

I have no recent figures; but in the Weekly Bulletin, a shoe publication, of April 8, 1911, I found some interesting material.

At that time in Belgium—and Belgium is a very good example of a neutral competitive market—Great Britain was selling seven times

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as many shoes as we were, France was selling three times as many as we were, and Germany was selling twice as many shoes as we were.

I am very confident that I have seen a comparative statement, which I hope to be able to present to this committee, showing that we are not holding our own in the neutral markets.

A word about the British shoe trade before I introduce this witness, Mr. O'Hare. Mr. O'Hare was originally a shoe cutter in England. Then he became secretary of the boot and shoe union. He then came to this country. Now he is an organizer at the headquarters of the International Boot and Shoe Workers' Union, whose president has just spoken. Mr. O'Hare has given me in the past valuable information not only as to the wages paid in each separate branch of the trade in Great Britain, but as to the amount of output of individual men. I am going to ask him to explain this situation to you and to show you how the British trade is in a transition state.

British shoemakers are passing from weekly wages to piecework, or so I am told. In this process the workman will pass from a slow stroke to a fast stroke. In other words, he will increase his output per diem, because it will pay the workman so to do. I admit that that is what I fear more than anything else—the conditions which inevitably come when trades pass from weekly wages to piecework and the output increases.

Before I introduce Mr. O'Hare, I wish to show the committee a few pairs of shoes that I have here, all of them made by a gentleman now in this room.

Mr. Gardner here displayed several shoes to the committee.

Mr. GARDNER. In each one of these shoes the leather is the chief material in value. In each case the velvet or the silk or the cotton tapestry, of which the upper is made, is imported stuff, on which the manufacturer, Mr. John E. Maguire, of Thayer, Maguire & Field, has paid the duty.

The chairman has said that all he seeks is fair competitive conditions. Is it fair to subsidize the foreign manufacturer of shoes by letting him send textile uppers into this country free of duty and not permit Mr. Maguire to import that material free of duty to put into his shoes?

These shoes show very well the very great expense which our people are put to from which it is proposed to release their foreign competitors.

These samples which I now show you [indicating] are trimmings, most of them imported, standards for the trade which makes just such shoes as those I have shown you.

I have here the official publication presented to both Houses of the British Parliament, telling the rates of wages and the weekly hours of labor in all the communities in England which have a union agreement. In England the shoe trade is wonderfully organized. On one side is the Federated Association of Boot and Shoe Manufacturers, and on the other side the National Union of Boot and Shoe Operatives. Those two bodies, since 1895, have had an agreement to the effect that every dispute as to wages or anything else must be submitted to arbitration, and that work shall proceed while the arbitration is going on. In no case since 1895 has that agreement been broken. We have a very similar arrangement in Massachusetts, under which those

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manufacturers who use the union stamp agree with the boot and shoe workers' union to establish a wage scale for one year or two years or three years, as the case may be. Moreover, they guarantee that they will not lock their men out during that time, and the men guarantee not to go out on a strike. That agreement has kept peace in every union stamp factory in Haverhill since 1896.

Mr. PALMER. What is the total export trade of Great Britain in shoes?

Mr. GARDNER. I think it is just about the same as ours, Mr. Palmer; it is substantially the same.

Mr. PALMER. No other country approaches that figure?

Mr. GARDNER. I could not tell you. Do you want me to guess?

Mr. PALMER. I supposed you knew.

Mr. GARDNER. No; I do not, but that would be my guess, that Great Britain and the United States export about the same amount of value in shoes.

Mr. PALMER. I was under the impression that as a matter of fact the United States was the largest exporter of shoes in the world.

Mr. GARDNER. My impression is that you are mistaken.

Mr. PALMER. You think we are about even with Great Britain?

Mr. GARDNER. I think so; yes.

Mr. PALMER. After all, is not that the best test of our ability to compete with the world in the world's market?

Mr. GARDNER. It might be so if it were not for the fact, as I pointed out to you, that almost all of our exports are to places in North and South America, where to a great extent we find no competitors offering the same class of shoe which we export. Moreover, we export \$3,000,000 worth of shoes to Cuba, where we get a preferential.

Mr. PALMER. But our export trade is growing, except in England, in the producing countries?

Mr. GARDNER. Our export trade has grown from \$13,000,000 up to \$16,000,000, which is entirely accounted for, I think, by our growth in Cuba and Mexico alone.

Mr. PALMER. The growth has been very large in France and Germany.

Mr. GARDNER. I think you are mistaken about France. For last year you are right, just as Mr. Kitchen is right about England. We have fallen off, except for last year, where we appear to have increased again. The general average has shown a large falling off of our exports to England. I mean a fair falling off, not a large falling off.

Mr. PALMER. Your idea is the best test of our ability to fight the foreign manufacturer is in a market which you call neutral?

Mr. GARDNER. Yes.

Mr. PALMER. That is, a market where England and France and Germany are competing also?

Mr. GARDNER. Yes; and where no competitor has any preferential.

Mr. PALMER. Why is that any better? I can not see why that is any better test than the general export trade.

Mr. GARDNER. Because the bulk of our exports go to countries in North and South America where we have built up a demand for a certain class of American goods which, as yet, foreign shoemakers do

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not produce. We make a very light flexible stylish shoe for women, which seems to be particularly attractive to the buyers of this hemisphere. No other country produces a similar shoe.

Mr. PALMER. Is there anything in this curious intimation of Mr. Longworth's that 50 per cent of the shoes we send to Great Britain are bought by Americans over there?

Mr. GARDNER. They tell me that a very large part of our European sale is to Americans traveling abroad. It comes about in this way: I wear a No. 8-D shoe. Suppose I wear a No. 8-D Walkover. If I were traveling in Europe, I should know that a No. 8-D Walkover shoe would fit me without trying it on, and that I should not be disappointed nor should I have to break it in. I should be willing to pay a higher price for such a shoe if necessary, even though a foreign-made shoe might give me a greater value for my money. I think Mr. Longworth is correct in supposing a very large part of our European sale is for Americans traveling abroad.

Mr. LONGWORTH. I had no information about it. I asked the witness about it, and he thought about 50 per cent.

Mr. GARDNER. That was Mr. McElwain.

Mr. LONGWORTH. I have only asked what his opinion was.

Mr. PALMER. I thought you asked if it was true.

Mr. LONGWORTH. No; I asked what percentage, in his judgment, were bought in that way.

Mr. PALMER. That strikes me as a very curious fact. I could hardly believe it.

Mr. GARDNER. It might easily be true of France. We sell one-seventh of 1 per cent of the shoes that are sold in France, if I recollect the figures correctly.

Mr. KITCHIN. You mean the imports into France?

Mr. GARDNER. According to the figures I saw some time ago one-seventh of 1 per cent of the shoes sold in France are of American make, and I should fancy that they might very easily be practically absorbed by Americans traveling abroad.

Mr. PALMER. That is, we have one-seventh of the French market?

Mr. GARDNER. Suppose there were 700 pairs of shoes sold in France; we should sell 1 pair, as I recollect. That is, out of every 700 pairs of shoes sold in France, the United States would at that time have sold 1 pair.

Mr. KITCHIN. Still that is more than 100 times more than France exports and sells to us.

Mr. FORDNEY. Mr. Palmer said one-seventh, but you said one-seventh of 1 per cent?

Mr. GARDNER. Yes; one-seventh of 1 per cent.

Mr. HARRISON. Do you desire to have Mr. O'Hare take the witness stand at this time?

Mr. GARDNER. Yes.

Mr. HARRISON. He may come forward and be sworn.

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OFFICIAL TABLE OF WAGES OF BOOT AND SHOE WORKERS IN GREAT BRITAIN.

[See Standard Time Rates of Wages in the United Kingdom at Jan. 1, 1912, published by His Majesty's stationery office and presented to both houses of Parliament by command of His Majesty.]

Boot and shoe operatives—1912.

MINIMUM WEEKLY RATES OF WAGES AND WORKING HOURS (EXCLUSIVE OF OVERTIME) RECOGNIZED BY THE NATIONAL UNION OF BOOT AND SHOE OPERATIVES IN CERTAIN CENTERS OF THE BOOT AND SHOE INDUSTRY FOR TIME WORKERS (ADULT MALES) IN THE UNDERMENTIONED OCCUPATIONS AT JAN. 1, 1912.

[The rates and hours quoted for the towns marked (*) are known to be embodied in arbitrators' awards or other agreements between employers and workpeople or to have been fixed by local conciliation boards.]

District.	Minimum weekly rate of wages.				Weekly hours of labor.
	Clickers.	Pressmen.	Lasters on time work.	Finishers on time work.	
ENGLAND AND WALES.					
	<i>Shillings.</i>	<i>Shillings.</i>	<i>Shillings.</i>	<i>Shillings.</i>	
*London.....	30	27	30	30	52½
*Anstey.....	28	26-28	28	28	52½
Barnsley.....	28	27	27	28	54
Bishop Auckland.....	30	28-30	30	30	48-52½
*Bristol.....	30	27-28	30	30	52½
Chesterfield.....	28	28	30	30	52½
Daventry.....	28		28	28	52½
Derby.....			28	28	54
Halifax.....	28		28	28	49½-51½
Heckmondwike.....	28	26	28	28	52½
*Hinckley, Barwell, and Earl Shilton.....	28	26-28	28	28	52½
Ipswich.....	26	26	26	26	52½
Kendal.....	27	28-30	30	30	49½
*Kettering.....	30	26-30	30	30	52½
*Kingswood.....	28	25	28	28	52½-53½
*Leeds.....	30	26-28	30	30	52½
*Leicester.....	30	27-30	30	30	52½
Liverpool.....			28		54
Manchester.....	26	26	26	26	54
Mansfield.....	26	26	26	26	55
Midsomer Norton.....	28	26-28	28	28	53½-54
*Newcastle-on-Tyne.....	30	26-28	30	30	52½
*Northampton.....	30	27-28	30	30	52½
*Norwich.....	28	26-28	28	28	54
Nottingham.....	28	28	30	30	54
Paulton (near Bristol).....			28	28	53
Plymouth.....	28	28	28	28	52-54
*Rushden, Higham Ferrers, and Wellingborough.....	29	26-28	29	29	52½
*Stafford.....	30	27-29	30	30	52½
Stone.....	28	26	26	26	52½
Wigston.....	28	28	28	28	52½
Wolverhampton.....	30	27-29	30	30	52½
Worcester.....	28	26	28	28	52
SCOTLAND.					
*Aberdeen, Arbroath, Carnoustie, and Dundee.....	29	27	29	29	52½
Edinburgh.....	30	30	30	30	51-54
*Glasgow.....	30	30	30	30	52½
Kilmarnock.....	30	30	30	30	53½-54
Maybole.....	27	27	27	27	52½
IRELAND.					
Belfast.....	26	26	26	26	52½-54
Dublin.....	28	26	26	26	54

NOTE.—The American term for "clickers" is "cutters" and the American term for "pressmen" is "sole-leather cutters."

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TESTIMONY OF THOMAS O'HARE.

The witness was duly sworn by Mr. Harrison.

Mr. HARRISON You may proceed, Mr. O'Hare.

Mr. O'HARE. Mr. Chairman and gentlemen of the committee, some 15 years ago I left England, being then an active shoe worker, and came to America, and perhaps there is not a person either on the committee or in this hall who can speak with more accurate information as to the earnings and the conditions of shoe workers in England and of shoe workers in America.

The real test of all conditions, no matter what the country, is the amount of money that the person gets at the end of the week for his labor.

In going through the report issued by the British Government in 1912 I find that the highest wages in London were \$9 a week for cutting shoes, and going down as low as \$6.50 in Ipswich. In the city wherein I live, Brockton, Mass., where they make the finest shoes in America, we find that for the same operation they receive a minimum wage of \$19.50 per week by hand and \$21 a week on the machine.

The pressmen, or sole-leather cutters, as termed in this country, receive from \$15 to \$18 per week here. The highest wages we can find in England are \$7.50 and down as low as \$6.

The lasters as a rule work by the week in England, earning from \$7.50 down to \$6.50, as against the wages earned in America by the piecework system of \$16 a week to as high as \$35 a week.

The finishers, on time-work, earn from \$6.50 to \$7.50 in Great Britain, including what is known technically as the edge trimmer, who in this country, even in the lowest-wage factories, will receive \$3.50 a day, and more often earning by piecework \$5 a day.

It is a fact that the earnings there and the earnings here lead me to believe, as a laboring man, that the prosperity of this country is dependent upon the tariff not being interfered with in any way. I have not the slightest doubt that some American manufacturers, either by a more general efficiency plan, a steam-engine plan of driving the operatives perhaps harder than human nature could stand, or, as one of your committee has said, by leaving the shoe centers to open factories in the country districts, could thereby secure a reduction of wages, making it possible for the largest shoe manufacturers to meet this competition. But the working men in general, particularly those belonging to our union, would be confronted with the question of either fighting to maintain what we have, or to agree that the standard of living in this country among our fellow shoemakers should be lowered.

I do not feel that there is one single gentleman on the committee that is desirous that the standard of our living shall be lowered. There are industries where perhaps the tariff may be changed, but, in my judgment, the shoe trade certainly is not one of them. The shoe trade, with its smaller margin of profit, as I am continuously being told—and it must be true in many cases or else there would not be so many shoe manufacturers going to the wall—is responsible for our desire not to have anything done by this committee or by this Con-

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gress that would be a forerunner of conflict between the workmen and their employers.

The question has been asked here, Why can not the American manufacturer enter into the English retail trade? Even if the American manufacturer were able to secure the lower wage existing in England, it would then be hard work for him to do that. Fifteen years ago, when I came here, one firm alone—Freeman, Hardy & Wells—controlled over 400 retail stores in Great Britain. Stead-Simpson controlled half as many more. The firm of Rabbits controlled every desirable location in the city of London, and when the Walkover, the Emerson the Regal, the Hanan, and those American manufacturers that had sufficient American enterprise to enter the English trade, went to that country, particularly in London, they found they were up against fabulous rents and the opportunity of not doing the amount of business that they expected could be done; and that is very truthfully borne out in the fact that some of those concerns have ceased to attempt to do business in London.

There are other things in connection with this matter which have been testified to by my friend, Mr. Tobin, leaving no necessity for me even to attempt to do that, but I feel so deeply in my heart that if the tariff on shoes is touched at all, it will be touched at the expense of the living conditions of the people who come to this country and who are in duty bound to live up to the conditions that they find here, that it would be disastrous not only in the spirit of equity, but it will be disastrous financially so far as the trade is concerned.

In addition to my interest in workmen who are members of the union of which I am a member, I have some interest in the future and welfare of the smaller American manufacturers, because I realize that if this tariff is removed it gives the opportunity for the American manufacturer with large capital to open up a factory in Northampton or in London or in Bristol and drive the smaller American manufacturer out of business and produce shoes practically for the world. This can be made a forerunner for the shoe trust. I have a relative who is a shoe manufacturer in England, who corresponds with me pretty regularly, and in one of his letters some three or four months ago he notified me I could expect a visit from him, as he was coming over to America to look into the opportunities for bringing in shoes; that he thinks it is possible, and the only thing that has not made it possible before—and that point has not been brought out before this committee—is the fact that in England—and well do I remember it; I was working at the time for a firm called Turner Bros. Hide Co., of Northampton, and they employed about 300 cutters. Not one pair of shoes was sold in England—that is, to be worn in England—but they were all sold for Australians and West India trade. To-day that firm is out of business. The firm of Bostocks is a similar case. Bostocks were in the ladies' shoe business, having a large trade in South America. In many cases the English manufacturers have been disappointed in their markets. For instance, the Australian market and Africa, where they now have their own factories. The markets are being closed, and the younger generations of British shoe manufacturers seem to lack the enterprise to seize the opportunity to enter this country, providing the tariff is taken

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off. But the danger to American working shoemakers, through the removal of this small tariff, is very serious indeed.

Mr. HARRISON. Your time has expired, Mr. O'Hare.

TESTIMONY OF JOHN W. CRADDOCK ON BEHALF OF THE BOOT AND SHOE INDUSTRY.

The witness was duly sworn by Mr. Harrison.

Mr. CRADDOCK. Mr. Chairman and gentlemen of the committee, I appreciate, at least in a slight way, the tax which has been put upon your patience and strength in the consideration of these matters, and I promise you to be as brief as the important subject I am to present will admit of. I shall be as brief as possible in the presentation of the question, and as honest and as frank as I am capable of being.

I am proud to be here as the representative of the shoe industry of this country, representing, as I do, the National Wholesalers' Association, the National Manufacturers' Association, and the National Retailers' Association, embracing fully 90 per cent of those engaged in the manufacture and sale of shoes at wholesale and the only representative bodies selling them at retail that I know of.

The shoe trade has never, so far as I have known, sought special favors or special privileges. I make that statement advisedly. We are not here to-day asking for any special consideration. We ask only for a fair deal, a square deal. We have built up an industry in this country of which we are proud as American citizens and American manufacturers.

Four years ago we came down here before this committee and many of these same members, asking that the duty be taken off of hides, or raw materials that did not constitute an industry, of which this country required \$100,000,000 more annually than it produced. At that time our domestic supply of hides was largely controlled by what is known as the packing interests. They were going largely into the leather business, and with a 15 per cent duty on foreign hides it looked as if they were going to drive the independent tanner out of business, and might eventually absorb the shoe manufacturers.

We anticipated the demand which has been nation-wide for a reduction of the tariff, a reduction of these duties, and we came here voluntarily suggesting that if this country removed its duty on hides—and it was the only civilized nation on the face of the earth that had a duty on hides and skins—we would accept a reduction in the duty on shoes from 25 per cent to 10 per cent, a reduction of 60 per cent, and to-day we are here advocating a retention of that duty, Mr. Chairman, as a necessary protection to the skilled labor employed in our industry, and we will demonstrate that that duty "goes into the pay envelope." That is a borrowed expression which will be recognized, but it is true in this instance, nevertheless.

The duty of 10 per cent on shoes represents, on the average, \$3.50 or \$4 retail shoes, about 25 cents per pair. The cost of producing that shoe in this country is about 64 cents labor cost. The English cost of producing that shoe is 39 cents labor. I am not discussing the wage prices per week, but the difference in the cost per pair of producing that shoe here and abroad, which is about 24 or 25 cents. So the protection of the 10 per cent duty that stands in the way of

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the importation of that shoe goes directly into our pay rolls and to the American laborer.

Mr. KITCHIN. Where is that shoe made you are speaking about?

Mr. CRADDOCK. That is another thing, and I hope I may be allowed to lay particular emphasis on what Mr. Rand pointed out.

The shoe business is a national industry, not a sectional industry. Shoes are manufactured in large quantities in a wholesale way in more than 20 States of the Union, starting with Maine and going to California and Oregon and Washington. The State of Missouri must manufacture from \$60,000,000 to \$75,000,000 worth of shoes, probably an increase of 400 per cent in the last 10 or 15 years. Ohio is a tremendous shoe-producing State. Louisiana now manufactures shoes, as do Georgia and Virginia and Pennsylvania and New York and New England. It is not a New England industry alone by any means. New England is in the minority now, and the growth in the business in recent years has been outside of New England and largely in the West and Northwest. I failed to mention the Northwest, but Milwaukee is a great shoe-manufacturing point, as are other large western and northwestern cities.

Mr. KITCHIN. You have not answered my question.

Mr. CRADDOCK. These shoes are made practically everywhere that shoes are made.

Mr. KITCHIN. What is the manufacturer's price of the American shoe to which you referred?

Mr. CRADDOCK. I said the example I gave was from \$3.50 to \$4 on a retail shoe. That is what is known as a Goodyear welt.

Mr. KITCHIN. But what is the manufacturer's price?

Mr. CRADDOCK. If that shoe was being sold in a wholesale way by the manufacturer to the wholesaler, and the wholesaler in turn selling it to the retailer, the price would be around \$2.60. I should say \$2.35 to the wholesaler and \$2.60 to the retailer. The retailer pays from \$2.60 to \$2.85.

Mr. KITCHIN. But I want the manufacturer's price. What is the manufacturer's price of that shoe?

Mr. CRADDOCK. If we were selling direct to the retailer, it would be—

Mr. KITCHIN. I mean the price to the wholesaler.

Mr. CRADDOCK. It varies, because if you sell your goods to the retail trade you have to put on the retail distributing cost to cover the expense of the salesmen traveling to sell those shoes, and so on. On a shoe that would retail at \$3.50 the price to the wholesaler would be about \$2.35 and to the retailer \$2.60.

Now, gentlemen, here is our proposition in a nutshell. We want to be absolutely frank about this proposition. We do not want to argue, but we merely want to present to you clearly and in a way that you can comprehend the actual facts and conditions confronting the business. I do not believe there is any reason why one particular industry, employing skilled labor, representing \$500,000,000 in volume, about which there is absolutely no suspicion of monopoly—there never has been any intimation of a monopoly in the shoe business; competition is just as free as the air you breathe. It is so sharp and so severe that the margin of profit on the turnover is not on an aver-

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age better than from 3 to 5 per cent. A business that is as close as that, and is done on as small a margin as that, gives to the consumer the best he could possibly derive, even if you took the tariff off. In other words, the consumer gets his footwear in the United States at better value; he gets more for his money than he does in buying any other wearing apparel, or, I believe, any other article of household use.

That being the case, if that is the fact—and we are here to establish that fact if there is any question raised about it—there is no monopoly or any restraint of trade; there is no excessive profit, but on the other hand the profit is so narrow that manufacturers are being driven out of the business. Four or five hundred shoe manufacturers have been driven out of the business in the last 15 years. There were nearly 2,000 shoe manufacturers in this country 15 years ago. The last census showed about 1,300. That has not been done by oppression or by monopolies, but it has been because the conditions called for the survival of the fittest; the margin was so close that when a man was not fitted to do the business he had to get out of it.

Mr. LONGWORTH. Are you familiar with wages paid in European countries ?

Mr. CRADDOCK. Yes. We have an elaborate and at the same time a very condensed brief, with charts, etc. This brief has been prepared with great care, and Mr. McElwain, who follows me, took part in the preparation of that brief and is very conversant with the tables and the processes through which the figures have been arrived at and based upon.

Mr. LONGWORTH. Without going into that, I want to ask you this question.

Mr. CRADDOCK. I can answer your question about labor in a general way.

Mr. LONGWORTH. You are familiar with wages paid ?

Mr. CRADDOCK. Yes, sir.

Mr. LONGWORTH. If you could pay to people in your factory, or if your competitors generally could pay the people in their factories the same rate of wages that are paid in European factories, would you need any duty on shoes ?

Mr. CRADDOCK. Absolutely none, if we could pay the same wages. We could double and treble and quadruple our profits, but competition here would bring the prices down.

Mr. HARRISON. In spite of the difference in wages, it is true, is it not, that the boot and shoe industry in this country can export \$16,000,000 worth of shoes a year and sell them in those markets in competition with those lower wages ?

Mr. CRADDOCK. It is very unfortunate for me, somewhat, and for our cause, that Mr. James and the chairman are absent when you put that question to me, because it is a very pertinent question and I am prepared to answer it.

Sixteen million dollars' worth of shoes, in the first place, you will see, is not a big quantity of shoes; but the amount of those shoes that go to competitive countries, like England, Germany, or France, is less than 1 per cent of our total.

Mr. HARRISON. Where do you send them ?

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Mr. CRADDOCK. To Cuba, on account of the preferential tariff. On account of that tariff Cuba is our best market for the \$3 and \$4 grades.

Mr. HARRISON. And where do the other \$12,000,000 go?

Mr. CRADDOCK. To Central America, Mexico, South America, and so on.

Mr. HARRISON. And in those countries they have no preferential tariffs in our favor?

Mr. CRADDOCK. No, sir; and we have not the competitive manufacturing conditions there.

Mr. HARRISON. The other countries that sell boots and shoes there meet us on an even footing, do they not?

Mr. CRADDOCK. Yes, sir.

Mr. HARRISON. And our manufacturers sell \$12,000,000 worth of boots and shoes in competition with them?

Mr. CRADDOCK. Yes, sir.

Mr. HARRISON. In spite of the fact that they have lower wages in their own countries?

Mr. CRADDOCK. Yes, sir. That leads me up to the argument I want to present, because it is a very material one.

We are exporting \$16,000,000 worth of shoes. That has grown steadily up to this time and it has grown in spite of these cheap labor conditions abroad. I am here to tell you why we have been able to export those goods under those conditions. Up to a few years ago there were no shoes made, as far as my knowledge goes, abroad that were made on the lines and constructed on the lasts and on patterns that the American people would accept. The shoes were not scientific; they were made three or four sizes too long and ran to a very narrow point. That was the universal Continental style of shoe. The American manufacturers, in their progressive manner, went abroad and demonstrated to these people that we had shoes that for fit and style were much better than theirs, and for quality as good, and in that way got an opening through our styles. That business, though, Mr. Chairman, in England, has declined 24 per cent in the last six or eight years, notwithstanding the fact that these shoes that are selling in England and on the Continent are largely sold through the ability of our manufacturers—not as manufacturers, but as merchants. They have established their own stores; they have introduced American methods; they have put in plate glass windows and handsome show windows, adopting the American method of making them very attractive; they have put shoes on forms with a satin covering on the form; and they have made it a fad, to a certain extent, for the class of people that want American shoes.

Why does not that continue? Why do we not increase our business along that line? And here I come to the crux of this whole argument. We buy our machinery in this country, not on a competitive basis. One concern practically makes all the shoe machinery in this country; that is, the necessary shoe machinery. That very company is selling its machines, introducing our methods, and furnishing skilled men not only to instruct on the machines but to instruct in factory methods, on the other side, and selling it in a competitive way over there, while we are buying it here on a monopolistic basis. The result is that the European manufacturer is to-day getting our machinery and getting

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the benefit of our skill and our instruction. A man told me—and I saw it in a paper several times before—that when the *Titanic* went down one of our last manufacturers was on her. The poor fellow went down with her; but he had his pockets full of orders from European and English manufacturers for American lasts. We have been able to protect ourselves against those people as long as their styles and methods were antiquated, but now that their business has been brought up to date, when they are adopting our styles and methods, the paltry 10 per cent that stands between our labor and their labor is absolutely required if we are going to maintain our scale of wages.

Mr. LONGWORTH. How long have they been sending those machines abroad?

Mr. CRADDOCK. They started in a small way probably 10 years ago. I can not speak advisedly or with absolute accuracy, but it has only been in recent years that they have made much progress. They have established plants for the manufacturing of this machinery. I think they have one in Vienna and one in England somewhere. Anyhow, there are one or two over there. I speak of my own knowledge, because I have been over there and have talked to the man that represents them. They go right into the factory; they keep men over there, and they carry men over there from America to instruct those people.

Mr. HARRISON. Right on that line, if you will pardon me. You said that they began getting this American shoe machinery abroad about 10 years ago and that in recent years they have got it going on a basis that allows them to have full competition with us in the world's markets. In spite of that fact, I would like to read into the record the figures for the last three years showing our exports of shoes. In 1910 there were \$12,408,575; in 1911, \$13,746,842; and in 1912, \$16,009,002. So that our export trade is growing very rapidly in spite of the conditions which you describe.

Mr. CRADDOCK. Yes, sir. I think I can offer you a very satisfactory explanation of that, Mr. Harrison. In the first place, while I said that the effort to introduce this machinery was begun 10 years ago, the progress has been very slow. It has only been in the last few years that they have been meeting with any marked success in getting their machinery adopted to any extent. You must realize that when good, shrewd merchants and manufacturers go to places like London and open in London and England 15 or 20 stores, chains of stores, and take long leases on those establishments, and get their goods introduced, that they are going to hold that business to a reasonable extent anyhow. You have given the general export, but the export to England has declined 24 per cent since 1902.

Mr. LONGWORTH. Let me take the case of one of those large manufacturers that you speak of. Can you mention any one that has had to give up his establishment in London?

Mr. CRADDOCK. No, sir; but the fight is harder and harder every day, I am told.

Mr. HARRISON. You can hardly ask this committee to keep up a tariff to protect you against the introduction of modern business methods in England.

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Mr. CRADDOCK. No, Mr. Chairman, but we start with the premise that there is a difference of between 60 and 100 per cent in the labor.

Mr. HARRISON. I heard that argument, but it did not seem to me to indicate anything as to the cost of production, inasmuch as we are selling abroad and underselling the foreigners.

Mr. CRADDOCK. It does, though. We give you in our brief, and if you will take the trouble to analyze it, and check it up, you will see that it is based on the most reliable data possible for us to ascertain. We give you first the wage earned by the operative, which is less than 50 per cent of the wage in this country, and then we give you the labor cost per pair. There is that difference in the labor cost that I told you of 25 cents a pair on the \$4, the \$3.50, and the \$4.50 shoe.

Mr. HARRISON. Your time has elapsed. I recognize that a good deal of your time has been taken up by the committee, and if you have any concluding statement to make I wish you would do so now, so that we can get Mr. McElwain on the stand.

Mr. CRADDOCK. Mr. Chairman, this is a subject which you recognize we could go into, if your time admitted of it, in a more lengthy way, but I will summarize my statement and will try to be brief. I reiterate that the menace in the removal of this duty is the fact that the conditions over which we have no control, the labor conditions in the countries with which we would be brought into competition, are such that they can produce boots and shoes at relatively more than 10 per cent of their value less than they can be produced in this country. There is a long list of raw materials that go into shoes, running into 20 or 25 items, all of which pay a duty of from 5 to 60 per cent. The manufacturer in England does not have to pay that duty.

Mr. HARRISON. If I may suggest it, we will be very glad to have you submit a list of those raw materials.

Mr. CRADDOCK. They are in our brief, tabulated in a most comprehensive and clear way.

Mr. KITCHIN. Do you think if boots and shoes were put on the free list by removing this 10 per cent duty that you would have to cut your price on shoes 10 per cent or 5 per cent?

Mr. CRADDOCK. I can not say that I do think so; but I think this: It is my honest and conscientious opinion that if that duty is taken off it will result in a lower scale of wages, a gradual lowering of the scale of wages in all shoe manufacturing centers in this country. As Mr. Rand said, our margin is down now to 3 to 5 per cent.

Mr. KITCHIN. But you do not answer my question. You say you think if we reduce the tariff or removed it that you could not say that prices would be cut, but you would cut your wages. Is it possible that you would cut wages and yet maintain the same prices? Do you mean to say that in the removal of the tariff you would have an excuse to force labor to take less and that you would at the same time charge the same price for your shoes?

Mr. CRADDOCK. No; I say this—

Mr. KITCHIN. That is what your answer indicates.

Mr. CRADDOCK. Our margin of profit now is not over from 3 to 5 per cent. The Englishman, with the improved methods that he has introduced, can produce shoes that will be competitive in this country.

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Mr. KITCHIN. We have heard a great deal about the Englishman, and Mr. Longworth read an advertisement from an English shoe journal, advertising English shoes all over the world. Let us see about that Englishman. We ship to England from a million and a half to nearly two millions' worth of shoes a year, do we not?

Mr. CRADDOCK. Yes, sir.

Mr. KITCHIN. And England does not ship to us as much as \$50,000 worth a year?

Mr. CRADDOCK. No, sir.

Mr. KITCHIN. We shipped to Canada last year over \$2,400,000 worth of shoes.

Mr. CRADDOCK. Yes, sir.

Mr. KITCHIN. And Great Britain shipped less than \$200,000. I have the Canadian yearbook here, and it shows that England shipped to Canada in 1910, \$167,000 worth, while we shipped that year \$1,330,000 worth, and yet England has a preferential tariff of 33½ per cent against us in her favor. If you are afraid of England, how is it that you can go into Canada and sell to the Canadian trade ten times as much as England can, when she has a preferential of 33½ per cent? And yet you people fear that here in our own home market, without any preferential in favor of England, that she can drive you out if we reduce this tariff. How can you compete with England in Canada?

Mr. CRADDOCK. That comes right back to the point I made, and if you gentlemen will take the pains to investigate the matter you will find that it is true. All the shoes that we have sold in England, Canada, and on the Continent have been sold not by reason of superior merchandise values but by reason of better styles.

Mr. KITCHIN. Let me read right here what Mr. Hanan said. You say that we are not selling goods of superior quality. He appeared before the committee in 1909 for the Association of Boot and Shoe Manufacturers, and he said:

There is no industry that is so well equipped as the shoe industry to conquer foreign markets in quality, style, and fit. The American shoe has no superior in the world.

Then he said that you were only handicapped because of the tariff on hides.

Mr. CRADDOCK. In the first place, I want to call your attention to the fact that Hanan & Son manufacture the highest grade of shoes made in the United States—shoes that retail from \$6 to \$8 and \$10 per pair. They do not enter into the general field of competition at all.

Mr. KITCHIN. You are speaking for your whole association, as he was?

Mr. CRADDOCK. Yes; but at the same time I can not single out one instance. I have tried to address myself to the grade of shoes that the people wear; shoes that retail from \$2.50 to \$5 a pair.

Mr. KITCHIN. Do you know how many of that class of shoes came in or has been coming in?

Mr. CRADDOCK. Very few.

Mr. KITCHIN. Practically none of that kind.

Mr. CRADDOCK. The competition we would fear with England would be on the shoes of the class I have described.

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Gentlemen, it is clearly a demonstrable fact—and if you will go into this question and go into the evidence that we are going to leave with you, that is all we ask, but we do ask that. We represent a big industry; we represent an industry that employs skilled labor. The United States Government in its investigation of labor earnings found out of 24 lines of manufacturing that they investigated that the women who worked in the shoe industry, which are about 33½ per cent of the labor, were paid the highest of any of the 24 different lines of manufacturing which were investigated. It is highly skilled labor. It takes 100 to 150 operations to produce one pair of shoes. It is not common labor. The American shoemaker, as will be pointed out later in the day, I presume, as I see on the list of people representing that particular industry, is well paid; it is a well-paid industry. They are skilled, intelligent people, and you must have that kind to make shoes.

Mr. HULL. What efforts have the manufacturers made to free themselves from this shoe-machine monopoly to which you have referred?

Mr. CRADDOCK. I did not express an opinion when I said that we bought our machinery over here on a monopolistic condition; I did not express an opinion to the effect that we regarded these monopolistic conditions as oppressive. It is a complete monopoly so far as all bottom room machinery goes; but the shoe-machine company on the whole, in its relations and dealings with the manufacturers, has been, I should say, fairly satisfactory. We do not regard their leases as being satisfactory, because they have some drastic terms, but their policy of assisting and of taking care of their machines has been in the main satisfactory.

Mr. RAINEY. What would happen to you if you criticized this company that leases you those machines? Would you get into any trouble with them?

Mr. CRADDOCK. I am here under oath, but whether I was or not it would not make any difference. My opinion would not be biased by any fear of any oppression on their part. That is the general impression, and some of it may be true, but I am prepared to say that as far as I am concerned my attitude toward the shoe-machinery company is this, that by reason of the merits of their proposition they could serve the shoe manufacturer without any good ground for criticism and without any particular reason for organized opposition to them. I do think their leases are objectionable—that they have features in them that I regard as objectionable.

Mr. RAINEY. Do you mean that they could be fair but they are not?

Mr. CRADDOCK. My position is rather that they have been fair and if they wanted to be unfair they would give us trouble.

Mr. RAINEY. But you must look out for them a little, must you not?

Mr. CRADDOCK. They have treated the trade as a whole pretty fairly.

Mr. KITCHIN. What is the manufacturing price of the kind of shoes that the laboring men or the people generally wear?

Mr. CRADDOCK. Of course, the grades have gone up considerably.

Mr. KITCHIN. It is certainly over \$2, is it not?

Mr. CRADDOCK. You could not buy much of a shoe for that.

Mr. KITCHIN. Do you know that there were but two pairs of shoes imported into this country from all of the nations in the world

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in 1912 exceeding in value \$2; that those two pairs came from Canada, which were worth \$9; and that no shoes exceeding a cost of \$2 came into this country from any nation of the world in 1912? You have an absolute monopoly. Yet you are claiming here that England, on account of this improved machinery which has been sent over there, and on account of the fact that the manufacturers of that machinery have sent men over and taught the people there to make these high-class shoes, the kind of shoes that would suit the American taste, that they are going to ship them in increasing numbers. There hasn't been a single pair of such shoes that has come in from England. Don't you know that the shoes that came in last year averaged less than 85 cents per pair—most of them common slippers?

Mr. CRADDOCK. Yes.

Mr. KITCHIN. Yet you are trying to make us believe that on account of this new machinery that has been sent over there for the last six or seven years, and especially for the last three years, that the English shoe manufacturer has learned our styles and is going to ship in great quantities into this country and has already begun.

That is what some gentleman on the left put into your testimony awhile ago, and you agreed with it.

Mr. CRADDOCK. I was thoroughly familiar with the fact that the importation of shoes was a negligible quantity.

Mr. KITCHIN. It is not a negligible quantity; it is absolutely nothing on that kind of shoes.

Mr. CRADDOCK. That does not change the position I have taken, nor does it change the facts substantiating that position.

Mr. KITCHIN. Mr. Craddock, you will admit that with the present tariff of 10 per cent it absolutely excludes any and all shoes that the laboring men and other people wear and must buy? It is absolutely prohibitive, is it not?

Mr. CRADDOCK. I would not say it was absolutely prohibitive. During the last six months of this fiscal year the importations have almost doubled.

Mr. KITCHIN. Not on your shoes. Only two pairs of the kind of shoes you have spoken of came in, and they happened to come in from Canada; just \$9 worth, that were brought in here by one man, but not a single pair of shoes worth over \$2 came in in 1912. So that the tariff is now so high that you absolutely exclude all shoes of over \$1 in value, and you have absolutely no competition at all here in the home market.

Mr. CRADDOCK. Those figures are to a certain extent new to me, because I admitted at the outset that I was not arguing against any inroads that had been made by the importation of shoes. But the conditions are leading up to—

Mr. KITCHIN. You made such an argument about this shoe machinery that was sent abroad, on which they are making these shoes and sending them over here because they could adjust themselves to our tastes and styles. You really thought that they did that when you gave your testimony, did you not?

Mr. CRADDOCK. I did not think anything about it; I know it. I have been over there and looked into it myself.

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Mr. KITCHIN. They are not shipping them here.

Mr. CRADDOCK. I know that they are encroaching. I stood in Paris and looked into the windows and saw shoes that were labeled American styles, which were made in France. They are copying our styles.

Mr. KITCHIN. They are not sending them here.

Mr. CRADDOCK. Not yet.

Mr. KITCHIN. Not yet? Why—

Mr. CRADDOCK (interrupting). If you will permit me just one moment.

Mr. KITCHIN. Certainly.

Mr. CRADDOCK. Not yet. I submit for your consideration this proposition. If we invaded that market over there—and this is a fact that we will establish and can establish in any court that will give us a fair hearing—if we invade that market by reason of our better styles and better fitting shoes, we have reached a point where they can duplicate them, and with the labor advantage over us—an advantage that we can show they have over us—it is only a question of time when they are going to come into this market with their product.

Mr. KITCHIN. You said a moment ago that they are excluding you from the English market; that they are excluding the American shoe from the English market.

Mr. CRADDOCK. I did not exactly catch that.

Mr. KITCHIN. You said the importations of American shoes into the English market was declining.

Mr. CRADDOCK. Yes.

Mr. KITCHIN. The fact is that in 1912 we exported to Great Britain \$350,000 worth of shoes more than we did in 1911.

Mr. CRADDOCK. The statement I made was that since 1902—of course I have not all the statistics right before me—but you can make a note of my statement and verify it, and if I am wrong correct me—that since 1902 the exportation of shoes from this country to England had declined 24 per cent.

Mr. KITCHIN. I believe you said "Not yet," but that the time will come, if we let down this tariff or remove it. In 1909 the tariff was removed from 25 per cent down to 10 per cent, was it not?

Mr. CRADDOCK. Yes.

Mr. KITCHIN. From 25 per cent down to 10 per cent; 15 points, was it not?

Mr. CRADDOCK. Yes, sir.

Mr. KITCHIN. Then, instead of the shoes coming over here, is it not a fact that fewer shoes that cost in excess of \$1 or \$2 in price, have come over here since then than came over before?

Mr. CRADDOCK. I have not the figures to answer that.

Mr. KITCHIN. Is it not a fact that our exports of shoes increased from about \$10,000,000 in 1909 to \$16,000,000 in 1912?

Mr. CRADDOCK. Yes, sir.

Mr. KITCHIN. So that your reduction from 25 to 10 per cent did not have any effect?

Mr. CRADDOCK. It has not hurt the business. I predicted at that time that it would not hurt the business. We stood then where we stand now; that if you remove the duty entirely on an article of man-

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ufacture that calls for skilled labor, and where we know that the labor conditions of the two countries are so much against this country as they are, that in the end it is coming to a point where it is going to hurt us. We ask why the shoe business should be singled out for this when—

Mr. KITCHIN (interposing). Why did you shoe manufacturers, every one of you, in 1909 single out hides, the product that the farmer raises, for free trade?

Mr. CRADDOCK. For this reason: You remember the circumstances, that the Democrats and Republicans voted for it almost unanimously in the House. We were the only country that imposed a duty on hides and skins. It is not an industry; it is a by-product. The packers of this country largely control the hide market of this country.

Mr. KITCHIN. About 40 per cent, I believe the statistics show.

Mr. CRADDOCK. We volunteered and suggested that we could take a reduction on shoes of 60 per cent—from 25 per cent to 10 per cent—and that it would not cripple or hurt the business. But we served notice then, and we serve notice now, that if that 10 per cent duty is removed and if an industry that employs over 200,000 well-paid—highly paid—employees is put in competition with the labor of France, England, and Germany, that we are going to have trouble in our industry, and our labor has got to take the burden of it.

Mr. RAINEY. Are your laborers organized in the shoe industries?

Mr. CRADDOCK. To a very considerable extent.

Mr. RAINEY. Is it not true that in shoe manufacturing centers like St. Louis they are now establishing out in rural communities small factories for the purpose of escaping the demands of organized labor by employing rural labor?

Mr. CRADDOCK. I would not say that. I can not speak for St. Louis.

Mr. RAINEY. I see the country is dotted with them around St. Louis.

Mr. CRADDOCK. This is the proposition, largely. I do not think it is to escape organized labor at all. It costs more money to live in the city and you can go out to the rural district and get a lower plane of wages. But you have to make a cheaper shoe—you have to make coarser shoes.

Mr. RAINEY. They go out into the rural districts and employ the people that live there?

Mr. CRADDOCK. That is the idea—because they can live cheaper there than they can in the cities.

Mr. RAINEY. And you pay them less wages than you pay in the cities?

Mr. CRADDOCK. Yes, sir; but a cheaper class of shoes are produced. We have a factory in a small town which produces a shoe which goes to the consumer at \$1.50 a pair. Of course, on that class of shoe you have to have cheap labor. They do not require the same skill, but they earn mighty near as much as the other people, because they can make more pairs of shoes.

Mr. RAINEY. It is on the medium-priced shoe that you fear competition if we reduce this tariff a little bit?

Mr. CRADDOCK. Yes; on the shoes from \$2.50 to \$5 a pair.

Mr. RAINEY. Your anxiety for your laborers employed in your factory would not lead you to continue to conduct your business in a

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place where the highest prices are paid, but you move out into the country where you can get the labor cheaper?

Mr. CRADDOCK. I do not try to appear as a philanthropist. I will state an economical fact. The margin of profit in this country is from 3 to 5 per cent, and if you are going to put us in competition, without any protection at all, with countries where they can produce shoes for 40 per cent less in labor, and if we can not reduce our prices enough to overcome that difference, of necessity the labor scale will have to be readjusted.

Mr. RAINEY. Do you not make shoes almost entirely with machinery now?

Mr. CRADDOCK. With machinery; but take my case. It takes 1,500 hands to man that machinery.

Mr. RAINEY. Can you find very many men in the country to-day who can make a complete pair of shoes?

Mr. CRADDOCK. Do you mean in the cobbler style?

Mr. RAINEY. Who can make a pair of shoes without machinery?

Mr. CRADDOCK. There are practically none made that way now.

Mr. RAINEY. Your industry has had the effect of driving out skilled labor and putting in its place machines, has it not?

Mr. CRADDOCK. I think it takes more skill for a man to operate a highly perfected piece of mechanism than it does to sit down on a bench with a pair of nippers and pull leather up over a wooden last and drive pegs into it or sew it. We have developed much more highly skilled labor than the old cobbler.

Mr. RAINEY. A man simply runs a machine and he becomes an experienced shoemaker?

Mr. CRADDOCK. He is an experienced shoemaker in his department; yes, sir.

Mr. RAINEY. Then you are really demanding protection for machines and not for men through this tariff?

Mr. CRADDOCK. I beg your pardon, I think the cost of the machine is a very small item compared with the labor wage.

Mr. RAINEY. You sell abroad to a considerable extent, \$16,000,000 or \$18,000,000 a year, simply on account of the fact that you sell better stuff?

Mr. CRADDOCK. I did not say that. I said it did not represent better merchandise values. It represents better styles, and the trade in part comes of better mercantile methods. I venture to say that at least 50 per cent, if not more, of the shoes sold on the Continent are sold out of American stores that are operated over there. We do not compete with those people in the general trade.

Mr. RAINEY. Do you mean that you sell \$18,000,000 worth of shoes abroad, in France and Germany, where they have tariffs, on account of better styles and better business methods? You can compete there after paying the tariff, you can compete successfully enough to dispose of \$18,000,000 worth of goods, and yet you do not think you can compete with the foreigners at home because of your better styles and better methods?

Mr. CRADDOCK. I feel just as I have said several times before. I am absolutely sure that if you take the duties off of shoes that within five years you will find the English particularly and the Germans coming in and making inroads on this market that will be serious.

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Mr. LONGWORTH. Mr. Kitchin quoted you some figures awhile ago with which you apparently agreed. He stated that not a pair of shoes valued at over \$1 was imported into this country last year.

Mr. CRADDOCK. I did not agree with those figures. I accepted it because he said so. I had not seen the figures, and that statement was a surprise to me.

Mr. LONGWORTH. If that is true, there must be some tall smuggling going on into this country.

Mr. KITCHIN. Where do you find anything to contradict it? I have the figures before me.

Mr. LONGWORTH. I am not trying to contradict it, because I do not know; but it seems utterly impossible, because there are a number of Americans who go abroad and buy shoes over there.

Mr. KITCHIN. But they are entitled to an exemption of \$100 worth of wearing apparel when they return, and this is not included in imports.

Mr. LONGWORTH. They probably buy other things besides shoes.

Mr. CRADDOCK. I know of one wholesale concern in Kansas City that went abroad and got quite a quantity of shoes in England which they brought back here and resold. That was a year or two after the reduction was made. But we admit, and we admitted four years ago, that a 10 per cent duty is not a menace to this business.

Mr. KITCHIN. You understand that I do not know anything about the value of the shoes that came in. I would not know if I were at the customhouse. I am quoting from the statistics furnished us by the Department of Commerce and Labor, which show that of shoes made out of hides of cattle or skin the average price of the amount that came in was 80.9 cents per pair; of those not made of hides of cattle the average price was 33½ cents a pair. Two pairs of shoes valued at \$4.50 came in from Cuba.

Mr. CRADDOCK. I have not analyzed that, Mr. Kitchin. I started out with a full knowledge of the fact that the 10 per cent duty had not been conducive to bringing in shoes enough to interfere with the trade.

Mr. FORDNEY. There are one or two things about those statistics furnished by the gentleman from North Carolina——

Mr. KITCHIN (interposing). Do not say the gentleman from North Carolina; say the Department of Commerce and Labor under the Taft administration.

Mr. FORDNEY. Well, the figures quoted and presented by you.

Mr. KITCHIN. Yes.

Mr. FORDNEY. Those figures are correct or they are not correct. If they are correct, then the value of the shoes that have been imported is very low; they are very cheap shoes.

Mr. CRADDOCK. Yes, sir.

Mr. FORDNEY. If the value is not properly represented or presented in those figures, the ad valorem rate of duty, which my Democratic friends propose to put into their new law, has admitted of great undervaluations, and consequently high-grade shoes have come into this country on low valuation. It is either one thing or the other.

Mr. CRADDOCK. I am prepared to accept the fact that nothing but cheap shoes, a lot of carpet slippers and that sort of stuff, has come

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in. I was here four years ago and specifically put myself on record at that particular time that I did not think free trade would have hurt the industry. I was speaking individually, and I did not speak for the trade, because I had no right to do so. But I put a proviso in there then, and the developments since then have more than made good the prediction, that with the development of the shoe business abroad, that it was not treating the shoe industry right to strip it of its little duty of 10 per cent.

Our profit last year, as I said, averaged between 3 and 5 per cent. Moody's little pocket manual, that I glanced over this morning, gives the steel output at \$600,000,000 in the turnover, and a profit of over \$100,000,000—a profit of 16 per cent on commodities that do not require the skilled labor that the shoe business requires. You can take cotton goods, goods for clothing, woolen goods of the best value that you have to-day, any wearing apparel, whether it is a hat, a cravat, a shirt, or anything else—

Mr. FORDNEY (interposing). Pardon me a moment, please. I want to make a further explanation. Either those figures presented are correct—if the importations of foreign shoes were of low value, \$1, \$1.25, or \$1.50, then they must have been cowhide shoes on which the duty is 10 per cent, which would be 15 cents per pair on a \$1.50 shoe. If those shoes were made out of any other material than cowhide, they would be higher priced and would take a duty of 15 per cent. If they were \$3 shoes and imported at valuations of \$1 or \$1.50, then this Government has been robbed out of from 30 to 40 cents a pair on those shoes under the system of ad valorem rate.

Now, one or two things is certain—these statistics are correct or they are not correct. If they are not correct, under an ad valorem basis this Government has been robbed of a very large amount of revenue.

Mr. KITCHIN. Let me "sort of" halfway answer Mr. Fordney.

If these figures are incorrect, if these imported goods came over here undervalued, it was on account of the customhouse officers, because they should not have permitted it. I want to tell you gentlemen that after the 4th of March we are going to change some customhouse officers, and we are going to prevent any fraud, if there has been any.

Mr. CRADDOCK. I want the fraud prevented. I want a fair duty levied, and nothing but a fair duty. If the shoe business is not entitled to 10 per cent, I do not want it. We do believe, if the subject is approached with that degree of open-mindedness to which we think it is entitled, that you will ascertain that in levying the present duty you are simply giving our industry what it is entitled to—what in time it is going to need.

Mr. RAINEY. Did I understand you to say that there are six or seven hundred less factories now engaged in manufacturing shoes than there were 15 years ago?

Mr. CRADDOCK. I was stating that from memory. The last census showed a reduction from 1,600 to 1,300. I was under the impression that 15 or 20 years ago we had nearly 2,000 factories.

Mr. RAINEY. I think very likely you are right. You do not call attention to that as evidence of the fact that the business of manufacturing shoes is languishing in this country, do you?

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Mr. CRADDOCK. No; but it is on account of the tremendous competition. I have seen in your section and my own—I do not know about yours, but I am from Virginia—and in my territory I have seen factories all around me started up, be managed economically, and all that; but they just could not stand the pace. They could not get volume enough to make a living on a small margin.

Mr. RAINEY. That same decrease has occurred in other manufacturing establishments that have occurred in your particular business, has it not?

Mr. CRADDOCK. Well, largely. Take a company that was monopolistic in a way and which ran other people out of business by purchasing stuff, etc.; but nobody has ever charged, and they can not charge, that that condition prevails in our business. It is absolutely free, and people have retired because they were not making any profit in it.

Mr. RAINEY. But there has been no decrease in the amount of manufactured product?

Mr. CRADDOCK. No; that has been increasing right along. The units have been getting larger.

Mr. RAINEY. The census of the United States is taken every 10 years. Take, for instance, the year 1890. In 1890 there were 355,415 establishments in the United States engaged in all sorts of manufacturing and producing a product valued at a little over \$9,000,000,000 per year. In the census year of 1910 this number of establishments in the United States engaged in the manufacturing business had decreased until there were only 268,491, nearly 80,000 less; but they produced a product of over twenty and a half billion. In other words, 25 per cent less number of establishments produced in the census years I have enumerated over 100 per cent more product. Therefore the mere fact that the number of establishments in the industry has decreased does not show competition, does not show loss, and does not show that the business has languished. It simply shows that the business is being carried on in a different way and in larger establishments. They employ, I notice, many more men, a much larger capital is employed, and even the number of salaried employees has increased?

Mr. CRADDOCK. I fully agree with you in that statement. It is the trend of the times—larger units.

Mr. HILL. I think the impression has been given to you unwittingly by the gentleman from North Carolina that the shoes that were imported were less than \$1 in value.

The figures from which he quoted are of no value whatever in coming to such a conclusion. Under the 10 per cent rate 162,000 pairs of shoes were imported, valued at one hundred and thirty-one thousand and odd dollars, an average, dividing the amount by the number of pairs, of 80 cents, as he says; but a large proportion of them may be \$2, \$3, or \$4 shoes and another large proportion may be very cheap shoes.

Mr. CRADDOCK. Yes, sir.

Mr. HILL. Under the 15 per cent duty there were 294,000 pairs imported, valued at less than the 162,000 pairs at the 10 per cent rate, showing inevitably—the valuation being 50 cents instead of 80 cents—that it must have included slippers and all that sort of thing.

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Mr. CRADDOCK. Yes; largely carpet slippers under that item.

Mr. HILL. The value of the high-grade shoes that are imported can not be determined at all by the Treasury statistics.

Mr. CRADDOCK. Only the average price.

Mr. RAINEY. I think it is only fair for the record to show that at this moment, while Mr. Hill is making rapid and remarkable mental calculations, Mr. Kitchin is not in the room, and therefore he can not make any reply in the record, he having just now been advised by the chairman that it was nearly 1 o'clock; that the committee would adjourn in a minute or two.

Mr. LONGWORTH. There are a number of other materials besides cattle hide that go into the making of a pair of shoes?

Mr. CRADDOCK. Yes, sir.

Mr. LONGWORTH. I want to ask for your opinion. I do not know what your politics are, and I am not going to ask you, nor do I know your general opinion on the tariff. I want to ask you what you think of a policy which puts upon the free list the finished article of an American manufacturer and levies a duty on most of the materials that go into that article?

Mr. CRADDOCK. I think it is an unsound proposition.

Mr. LONGWORTH. You describe it mildly.

Mr. PALMER. Especially if it is shoes—

Mr. CRADDOCK. Just one word. I would like to disabuse the mind of any member of the committee who might have such an idea that I am appearing here to put up an adroit argument. We have a sound proposition. We have an industry that has only in recent years been scattering itself over the country. We are not here asking the retention of a high duty. That is not the proposition at all. We simply lay the proposition before you, and if the gentlemen who have taken issue with me will simply read our brief, will read the proof that we submit, and act according to the evidence that we furnish, that is all we ask. We are submitting a proposition that is not extreme in any way. It is logical and consistent. I must say, Mr. Chairman, that it has been a little bit discouraging to me when I came before this committee four years ago and volunteered and advocated a reduction of duty on shoes, and it has been brought down to this low point of 10 per cent, to find a disposition to deal with us as rigidly as with industries that are highly protected.

TESTIMONY OF F. C. RAND ON BEHALF OF THE NATIONAL BOOT AND SHOE MANUFACTURING INDUSTRY.

The witness was duly sworn by the chairman.

The CHAIRMAN. Mr. Rand, I see that you three gentlemen are here representing the boot and shoe industry, and I believe you represent them from all sections of the country, do you not?

Mr. RAND. Yes, sir.

The CHAIRMAN. We want to proceed as rapidly as possible in order to get through to-day. I know this subject is going to take some time, but I would like to see if we can reach some agreement about the length of time you shall have.

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Mr. RAND. I can easily do so with regard to my own time, Mr. Chairman. I have only a brief statement to make. The group of shoe manufacturers have prepared a comprehensive brief to submit to your committee, which is concise and graphic in its form, and we hope not to take up a great deal of your time.

The CHAIRMAN. Very well; proceed.

Mr. RAND. As spokesman for the national boot and shoe manufacturing industry, I wish to state that a committee of shoe manufacturers have carefully prepared a comprehensive statistical report which in a graphic way shows in detail the sound basis on which shoe manufacturing is conducted.

Since the report will be presented and discussed by another speaker, it is my desire to present to you only the general conditions that surround American shoe manufacturing.

The oft-quoted statement that "High or low tariff is wholly a question of locality" is not applicable to the shoe industry, for we are not asking for a high tariff, and shoe factories are spread broadcast over all parts of the United States; from Auburn, Me., to St. Paul, and Minneapolis, from Milwaukee, Chicago, and St. Louis to Atlanta and New Orleans, thence to San Francisco and Seattle, Wash., this industry is striving for success.

The work is national in scope, constituting an important industry in Maine, New Hampshire, Massachusetts, Connecticut, New York, Pennsylvania, New Jersey, Maryland, Virginia, Georgia, Louisiana, Ohio, Illinois, Missouri, Michigan, Wisconsin, Minnesota, California, Oregon, and Washington.

There are very logical reasons why shoe factories are so widely scattered. Competition in shoe making is keener than in any other great industry, forcing each shoe manufacturer to seek every economical advantage that he can get or thinks he can get. Hence new fields for shoe making are opened up every year in order that the new location may secure to that manufacturer the advantage of quick delivery and decreased freight rates.

Shoes bear a high freight classification and it is not uncommon for an account to be changed or an order secured due to a difference in freight rates from two shoe-manufacturing points.

The shoe industry of America has grown steadily to meet the needs of an increasing population, but it has had the healthy growth of aggressive competition, fortified by scientific application of the most practical economical principles.

Numerous and tedious details confront the manufacturer. His margin of profit varies between 5 per cent and 3 per cent on his sales, which profit must cover large investment of capital, hazardous risks in credits, and constantly increasing danger of loss from radical changes of style. Surely no great industry can hope to grow or even continue in business if the line of demarcation between success and failure be more closely drawn.

In 1900 there were 1,600 shoe manufacturers in the United States; in 1910 there were less than 1,300. This decrease of nearly 20 per cent in 10 years gives incontrovertible evidence of the fact that shoe manufacturing is not an easy road to success.

We are not here to ask for a tariff of privilege. We are not asking for a tariff that will protect our present small profits. They must be

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protected, for they can not be reduced without wrecking the foundation of this great industry. We are here to submit to your honorable committee a statement of conditions as they exist as frankly and as sincerely as we can in the limited time at our disposal.

Little or no competition exists in shoe machinery in America. Foreign shoe manufacturers get their machinery on a more favorable basis than we do. Lasts appear to be under a monopolistic control and can not be bought on a competitive market. Shoe manufacturers pay from 4 per cent to 60 per cent duty on the materials from which shoes are made, while the present tariff on the finished shoe is limited to 10 per cent and 15 per cent on finished shoes.

Clothing, hosiery, collars and cuffs, underwear, and hats average over 50 per cent protective duty, clearly indicating the inequality of our present tariff schedule; for each of the five articles of wearing apparel named is sold at a margin of profit much larger than is realized from the sale of shoes.

America's labor costs for shoemaking are higher, much higher, than the labor cost in any foreign country. Taking our labor cost as a basis and calling this basis 100 per cent, a comparison shows the lowest comparative cost to be Norway, with a percentage of 36, the highest being Scotland with a percentage of 58; but America can not reduce her costs without changing the standard of living of American workmen.

A reduction of the present low tariff on shoes will invite competition from foreign countries now making shoes under the favorable conditions named. America does not propose to lose her shoe business and competition must be met in the only way we can meet it; that is, by reducing our wage scale. This will result in protests from labor from every section; social unrest will follow; hardships on capital and labor interested in shoemaking will result.

Many industries in America sell their wares abroad for less than at home and protest against the reduction of an excessively high tariff on the ground that labor will suffer. The conditions surrounding shoe manufacturing exclude this industry from such a selfish claim.

With Mississippi as my native State and beginning business in Tennessee, I could not consistently come here advocating a high tariff.

I have an abiding faith in the solidarity of our political institutions and have little patience with the "calamity howling" that emanates from protected interests at the mention of any change that might lessen the unjust advantages previously enjoyed.

This tariff should be, and I believe will be, controlled by theories of political economy—not by political expediency.

Shoe manufacturers have never asked for special privileges in legislation. There has never been a whisper of trade agreements among competitors. The consumer of shoes through this competition has secured for himself greater values in footwear than he gets in any other article of wearing apparel.

We now ask you to give the question your most earnest consideration. We ask you to weigh the statement of facts to be presented in the brief by Mr. McElwain and let your attitude toward shoe manufacturing be determined by the actual conditions of the trade.

Over 200,000 shoe workmen, \$220,000,000 of invested capital, and an annual production of shoes valued at \$500,000,000 will be directly

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affected by your final action on this question. This great industry should be carefully considered before grouping it in a long list of other industries, the whole of which is to be voted on as a unit.

Whatever the results of this hearing may be, we shall feel that the matter has been presented in a sincere way, and that we have asked for nothing which is inconsistent with fair dealing; we have asked for nothing which is not in keeping with the expressed policies of the administration soon to be in power. We have asked for nothing un-American. We have asked simply for a recognition of our rights as taxpayers and supporters of the United States Government.

Mr. JAMES. The production of shoes in the United States, you say, is valued at \$500,000,000?

Mr. RAND. Approximately so; yes, sir.

Mr. JAMES. What were the imports last year of boots and shoes?

Mr. RAND. They were about \$16,000,000 to \$18,000,000.

Mr. PALMER. The imports?

Mr. RAND. The exports, I understood him to say.

Mr. JAMES. No; I said imports.

Mr. RAND. They were small, Mr. James.

Mr. JAMES. I notice that in 1911 we had imported here "boots and shoes, made wholly or in chief value of leather made from cattle hides and cattle skins of whatever weight," \$201,975.35. That is a mighty small per cent of the total production of \$500,000,000, is it not?

Mr. RAND. Yes, sir.

Mr. JAMES. And yet you are protected by a tariff of 10 per cent?

Mr. RAND. Ten per cent and 15 per cent.

Mr. JAMES. If in Norway, as you say, the total cost of producing an article is 36 as compared with 100 here, it does not look to me like 10 per cent would keep out that sort of production.

Mr. RAND. That is the labor cost.

Mr. JAMES. I know that is a labor cost of 36 as compared to your labor cost of 100.

Mr. RAND. Yes, sir.

Mr. JAMES. It does not seem like they came in here very much, and yet they only had 10 per cent to keep them out.

Mr. RAND. There is a good deal of individuality in shoes. The foreign shoemaking people have made radical changes in their styles during the past few years, and they are developing faster now under the help they are getting from the United States. We are sending machinery abroad, we are sending experts there, to man and teach the foreign help how to operate this machinery, and they are importing our American shoemakers. They have always made good shoes. I refer particularly now to England. They have made a good quality of shoes, but the shoes have been, from our standpoint, out of shape. Lasts have been extended several inches, or at least an inch or two beyond their normal length, and our shoes sold better in England, in the city of London, three or four years ago, because of the contrast between our normal and attractive shape compared with theirs, and they do to-day. We find our American factories that have stores in the city of London sell the homemade shoes as against ours now, because they can be sold cheaper.

Mr. JAMES. You say the exports from this country last year were about \$16,000,000?

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Mr. RAND. Yes, sir; \$16,000,000 to \$18,000,000.

Mr. JAMES. To what countries do they send them?

Mr. RAND. The larger proportion, I think, I can give you, but Mr. McElwain will answer that specifically. They went to Mexico and South America and a few to England and Germany and France and Scotland and Italy. This is merely an impression. If you will allow me, as to any questions on statistics, I think we have a brief prepared that can answer more quickly and more intelligently than I can in an offhand way.

Mr. JAMES. Do these countries, to which you sent shoes, require the payment on your part of an adverse tariff to get into the country?

Mr. RAND. I can not answer that. I am trying now to avoid specific statement on statistics which our brief can give promptly and accurately, when I should have to speak from memory or approximately.

Mr. PETERS. I understand Mr. McElwain, who will follow you, has those statistics?

Mr. RAND. Yes, sir; and that is why I would not like to answer in an offhand way.

Mr. JAMES. Did you appear before the Payne committee four years ago?

Mr. RAND. No, sir; I did not.

Mr. JAMES. Were the companies which you represent or those for whom you speak of those who stated if we would give them free hides they would give the people free boots and shoes?

Mr. FORDNEY. The gentleman who made that statement wrote a letter taking it back. The gentleman who made that statement, Mr. Jones from Massachusetts, later wrote to the committee, as I remember it, apologizing for stating that, saying that when he made that statement here he did not mean it.

Mr. JAMES. He apologized after he got the tariff off of hides, did he not?

Mr. FORDNEY. No.

Mr. LONGWORTH. He did not even wait to write a letter. He came back the next day and appeared before the committee.

Mr. JAMES. They all apologize if they can get the tariff off of what they wanted it off of, and keep it on the other fellow's product.

Mr. LONGWORTH. As a matter of fact, Mr. Jones came back the very next day.

Mr. PAYNE. I have a very distinct recollection about it. Col. Clark appeared here that night, after the shoe men were through, and stated he had had a conversation with Mr. Jones after he left the witness stand, and said to Jones, "Do you mean to say you can stand free trade on shoes?" He said, "No; we can not do it." He said, "You said so." He said, "I did not mean that," or something of that kind.

I immediately sent for Mr. Jones and asked what he meant by talking to the committee one way and to this gentleman another way.

After two or three days he got here, and he did take it back, and some of the rest of them took it back and said they could not stand it.

Mr. RAND. I would like to make this statement, Mr. James: Had I been here and had I attempted to be a prophet and prophesy what would happen, I might have stated that eliminating the tariff on

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hides would produce cheaper leather. I believed it, whether I said it or not, and I paid for it by staying out of the market at that time. We are large consumers of leather, and I backed my judgment on the proposition by not buying any leather in anticipation of a decrease and it cost our company thousands and thousands of dollars. We were only acting on the best judgment we had, and I can acknowledge a mistake, but a sincere mistake, with little embarrassment.

Mr. JAMES. The thing I am objecting to is that you never make any mistake in favor of the people to give them cheaper stuff, and I want to see if we can not get some tariff off of your shoes.

Mr. RAND. I think the statement is quite true that the active competition of 1,200 shoe manufacturers has produced values for the consumer in shoes that are nearer the cost of production than any other great industry that I know of in the country. I believe that statement is true.

Mr. JAMES. With reference to these shoes which you sell abroad, do you sell them cheaper than you sell the same shoes at home?

Mr. RAND. No, sir.

Mr. JAMES. Do you sell them at the same price?

Mr. RAND. Yes; we sell them at the same price plus the cost of some extra work that has to be done in the way of preparing the shoes for export shipment in heavy cases.

Mr. JAMES. Notwithstanding you send \$18,000,000 worth of shoes to all parts of the world and are paying this extra cost and paying freight in getting to their own market places and selling them in competition with these people there at the same price or a little higher than you do here, you surely get a profit out of those shoes, and yet you are afraid to take the tariff off to meet those people in your own market.

Mr. RAND. \$18,000,000 is a bagatelle as compared with the total business of the United States—the total production of the United States. It is not as much business as one company does.

Mr. PALMER. Would it be a mere bagatelle if it were imports instead of exports?

Mr. RAND. It would on that percentage.

Mr. PALMER. You could stand for \$18,000,000 of imports?

Mr. JAMES. Still, while this is a mere bagatelle, it is one hundred times greater than the imports under your 10 per cent tariff protection.

Mr. RAND. We can stand for anything that we have to stand for. I am trying not to represent the shoe manufacturers by being weak in my statements. We like to feel that we are able to take care of ourselves under a fair and even break with other men.

Mr. JAMES. Do you not really believe, looking at this thing from the standpoint of the exports and the imports and the 10 per cent rate, that if we made boots and shoes free you people could go on and do business without being hurt in the slightest?

Mr. LONGWORTH. Before you answer that question, Mr. Rand, I want to set Mr. James right on the tariff rate.

The tariff rate on that particular class of shoe which we export largely is 15 per cent, and the exports are not \$18,000,000 but \$16,000,000, according to the Treasury figures. The exportations of shoes are all of the 15 per cent grade and not the 10 per cent grade, are they not?

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Mr. RAND. I can not answer that definitely.

Mr. LONGWORTH. The 10 per cent grades are shoes made from cattle hides.

Mr. RAND. Of the bovine species; yes.

Mr. LONGWORTH. We do not export those, do we?

Mr. RAND. I think the exports consist of different varieties of shoes which the country makes.

Mr. LONGWORTH. At any rate, the large exports are the shoes on which you have a tariff of 15 per cent?

Mr. RAND. The large amount of shoes we make go to South America and Mexico, and we send a few to the people across the ocean.

Mr. LONGWORTH. I only wanted to correct Mr. James's figures.

Mr. JAMES. You can not correct me until you correct this record made by the Government. It says 10 per cent here.

Mr. LONGWORTH. Where?

Mr. JAMES (reading): "Boots and shoes, made wholly or in chief value of leather made from cattle hides and cattle skins of whatever weight, of cattle of the bovine species, including calfskins," 10 per cent.

That is what the record says.

Mr. RAND. Ten per cent or 15 per cent?

Mr. JAMES. Is it 10 per cent or 15 per cent?

The CHAIRMAN. On the general line of shoes there was a 10 per cent tax. Some of our friends in the northeast had a top kid shoe, and they persuaded the committee to make it 15 per cent on that particular shoe, but I think the exports are in the 10 per cent line as well as the 15 per cent line.

Mr. RAND. I think so, and I so stated.

Mr. LONGWORTH. If you will pardon me, the Treasury report shows all these shoes made, not specially provided for—these shoes not made of cattle hides of the bovine species—were over \$16,000,000. That is the bulk of the total exports of shoes in this country, and the rate on this particular class of shoes is 15 per cent and not 10 per cent.

Mr. JAMES. You say that you do export these shoes that are protected by a 10 per cent tariff?

Mr. RAND. Yes.

Mr. JAMES. Both kinds—the 15 per cent tariff, if there is such, and the 10 per cent tariff?

Mr. RAND. Yes.

Mr. JAMES. That covers the whole thing?

Mr. LONGWORTH. If you will look on page 332, you will see those are the 10 per cent shoes, and they show no export whatever, or practically none.

The CHAIRMAN. That is one place where the clerk has assembled the amount of production and the exports for the whole thing, and not just for that one paragraph. It is probably misleading in print, but that is intended to cover both boots and shoes at 10 per cent and 15 per cent both.

Mr. LONGWORTH. Very well.

Mr. JAMES. Looking at this situation from the standpoint of the exports and imports, with a tariff protection of 10 per cent that all of them have to pay to get into this market, do you think you can go

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abroad with \$18,000,000 worth of this product and in many places pay adverse tariff rates at a greater cost, and meet them there and sell them at a little higher price to the consumer in their market than you do to the American consumer here? Don't you think you would be willing to take this tariff off and let those people come into your market place and sell in competition with you?

Mr. RAND. I answered the first part of that question as to why the American has been able to sell shoes abroad, which has been because of the attractiveness of the styles.

With regard to your last question as to whether we, as an industry, expect to be put out of business, I can not answer definitely. I do not want to attempt to take a pleading attitude here. I do not expect to be put out of business. We are trying to make a frank statement to you. We have met competition as keen and as hard as ever existed in any great industry among ourselves, and in some way and somehow we are going to try to continue in the business.

I said in my previous statement that I am opposed to the calamity howling, and I do not want to go on record assaying that if any change is made a revolution is going to take place. We are not trying to make an artificial argument.

This group of men is trying as hard as possible to impress your committee with the sincerity of their attitude and the fairness of their attitude and the justice of it in every respect, and we are going to abide by your decision gracefully, whether it be favorable or adverse. That expresses my personal position about the matter.

Mr. JAMES. You not only met this sharp competition at home, but you met it abroad?

Mr. RAND. We worked hard.

Mr. JAMES. And you have met it successfully?

Mr. RAND. Yes. I think if I were a failure I would be ashamed to come before this committee.

Mr. JAMES. I appreciate your candor and courage, and I believe you will meet this situation even if boots and shoes are made free.

The CHAIRMAN. May I interrupt just a moment?

Gentlemen of the committee, there is a matter that requires my personal attention in the House until 2 o'clock, and I will ask the committee to excuse me until that time. I will ask Mr. Harrison to take the chair during my absence.

The chairman retired from the hearing room, Mr. Harrison taking the chair.

Mr. RAND. Mr. James, there is a deeper meaning to this situation than a clash of wits between you and myself.

Mr. JAMES. I am not undertaking that. What countries are your chief competitors?

Mr. RAND. The United States.

Mr. JAMES. Outside of the United States?

Mr. RAND. I can not answer that. I think Mr. McElwain will answer you in detail, because he has spent weeks on it, and I have tried to touch the industry only in a general way.

Mr. PAYNE. When was it that the shoe machinery company began to send machinery abroad and to send teachers over there to instruct them how to use their machinery and make shoes?

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Mr. RAND. I do not know when they commenced, Mr. Payne.

Mr. PAYNE. Was it not along in 1909 or later that they commenced operation vigorously?

Mr. RAND. In the absence of specific knowledge, I can not answer that question.

Mr. PAYNE. You can not say whether it was or not?

Mr. RAND. I can not say definitely. I know that progress has been made in the past four or five years along the lines mentioned. When it comes to specific dates I can not answer.

Mr. PAYNE. Prior to 1909 none of these first-class shoes were made abroad that came in competition with ours. Since then the shoe machinery people have sent their machinery abroad and started the industry abroad, and have made pretty good shoes over there?

Mr. RAND. I think my statement also was that the foreigners had been making, for a number of years, good shoes, but they were making shoes unattractive from the American standpoint of lines and pattern and last—

Mr. PAYNE (interposing). Absence of style?

Mr. RAND. Yes; absence of style.

Mr. PAYNE. But since then they have been making stylish shoes?

Mr. RAND. I do not mean that has come from the United Shoe Machinery Co. I mean it has come from the best shoe manufacturers of the United States.

Mr. PAYNE. I am afraid to talk about the United Shoe Machinery Co.

Mr. RAND. I am not.

Mr. PAYNE. The fact was stated publicly, in the public press, that they sent these teachers over there after 1909, and some of the manufacturers have stated that that changed the conditions somewhat. Some of them thought they could make shoes free in competition with the world. I do not know whether that is your idea or not.

Mr. RAND. That is my idea as you have expressed it, and you probably expressed it more clearly than I did.

Mr. JAMES. You spoke of the tariff you had to pay on machinery used in the manufacturing of shoes. What is the rate of tariff on that machinery?

Mr. RAND. Forty-five per cent on machinery.

Mr. LONGWORTH. Mr. Rand, I am going to read from an English trade paper called the Boot and Shoe Trade Journal. Are you familiar with it?

Mr. RAND. No.

Mr. LONGWORTH. It is the Boot and Shoe Trade Journal of London, and this was published in April or May of 1911. I just want to read one or two sentences from it and ask you if you agree with what they say:

We are selling shoes to America, and the world knows it pretty well by now. The continental buyers of foreign shoes know it, too, and doubtless reason with themselves in this way: That if England is selling shoes to America it is because they are better, and that it is policy for them to buy English shoes instead. The interest displayed by both American and Canadian buyers in the British goods is a happy omen. It is now more readily granted that British boots are best; that they are all we claim for them; and that, money for money, they are, owing to our national economic conditions and cheaper methods of production, of exceedingly better value.

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Are English shoes being sold in this country now?

Mr. RAND. Yes; they are being sold in this country, and the man appointed by the Bureau of Commerce and Labor to get up the statistics of the foreign shoe industry strikes a note of warning in his introduction to the report that he made, that America had best look out for her shoe industry.

Mr. LONGWORTH. Is it true that England is taking away our continental trade in shoes?

Mr. RAND. If you will allow me, I will leave that to the speaker who will follow me, who is familiar with these matters, and has the information at his fingers' ends, and I think can answer you more intelligently.

Mr. JAMES. On the contrary, is it not true that our exports of shoes are increasing year by year?

Mr. RAND. You mean with regard to volume?

Mr. JAMES. Yes.

Mr. RAND. I do not know. We have the records, and they will be taken up by the next speaker. I know some of America's best shoe manufacturers are having difficulty selling shoes through their own private stores abroad, where they did not have difficulty several years ago.

Mr. KITCHIN. In regard to the article which Mr. Longworth read from the English paper, stating that England is now exporting shoes to this country, is it not a fact that she exported less than \$75,000 worth last year, and that you shoe manufacturers in the United States exported to England more than \$1,500,000 worth?

Mr. RAND. I think you have the figures of their exports and our imports. I think also we have those figures in our brief. I am trying to avoid those statistics, because we have them accurately, and I do not like to give them approximately.

Mr. HARRISON. If there are no further questions, we will call the next witness.

TESTIMONY OF J. FRANKLIN McELWAIN, OF BOSTON, MASS.

The witness was duly sworn by the chairman.

Mr. McELWAIN. Mr. Chairman, and members of the Ways and Means Committee, I have been requested to represent the National Boot and Shoe Manufacturers' Association, the National Shoe Wholesalers' Association, the National Shoe Retailers' Association, and the New England Shoe and Leather Association, to argue before you the retention of the present duty on boots and shoes.

I will file a brief at this point, to be inserted in the record.

The brief above referred to is as follows:

BRIEF IN SUPPORT OF THE RETENTION OF THE PRESENT IMPORT DUTY ON BOOTS AND SHOES, BY THE NATIONAL BOOT AND SHOE MANUFACTURERS' ASSOCIATION, NATIONAL SHOE WHOLESALERS' ASSOCIATION, NATIONAL SHOE RETAILERS' ASSOCIATION, AND NEW ENGLAND SHOE AND LEATHER ASSOCIATION.

Hon. OSCAR W. UNDERWOOD, M. C.,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: On behalf of the National Association of Shoe Manufacturers, the National Shoe Wholesalers' Association, the New England Shoe & Leather Association, and the National Shoe Retailers' Association we hand you a brief in support

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of the retention of the present import duty on boots and shoes provided for by Schedule N, sections 450 and 451.

With specific reference to the recommendations of your committee regarding the outline of such a brief we beg to state:

First. That we recommend no change in duties, but appear in support of the retention of existing duties on boots and shoes. The reasons upon which we base our support are specified in our printed brief.

Second. Since no specific modification of the duties fixed by these sections is now before the committee, no estimate is possible of an increase or decrease in imports.

Third. We have no suggestions to make regarding changes in the phraseology of the present tariff law or for the betterment of the administrative features thereof.

Respectfully submitted.

NATIONAL BOOT AND SHOE MANUFACTURERS' ASSOCIATION.

OFFICE OF THE SECRETARY,

Rochester, N. Y., January 29, 1913.

INTRODUCTION.

The Payne-Aldrich Tariff Act levied an import duty of 10 per cent ad valorem on (sec. 450) "boots and shoes made wholly or in chief value of leather made from cattle hides and cattle skins of whatever weight of cattle of the bovine species, including calf skins"; and an import duty of 15 per cent on (sec. 451) "boots and shoes made of leather."

The duty of 10 per cent applies in general to men's shoes; the duty of 15 per cent applies to women's shoes.

The shoe industry as represented by associations of manufacturers, wholesalers, and retailers is in favor of scientific tariff revision. This brief is respectfully submitted in the confidence that a scientific examination of the facts will justify beyond question the retention of the present duties on boots and shoes.

SUMMARY OF POINTS.

I. The present tariff is a necessary protection to a great American industry, national in extent, highly competitive, working on a small and constantly decreasing margin of profit, in which trusts, combinations, and pools are unknown. Its reduction would result in a serious blow to the industry and in the importation of large quantities of boots and shoes manufactured abroad under conditions with which Americans can not and should not compete.

II. The present tariff is a necessary protection to a vast number of highly skilled, well-paid American workmen. Its reduction would necessitate radical readjustment of wages and of standards of living to compete with European wages and standards.

III. The present tariff is already low and has but recently been reduced. Its further reduction would not benefit the consumer.

IV. Opposition to any reduction is national in extent. East and West, North and South join in unanimous protest. Shoe manufacturers, shoe merchants, and shoe workers alike oppose any reduction in the present reasonable rate.

POINT I.

The present tariff is a necessary protection to a great American industry, national in extent, highly competitive, working on a small and constantly decreasing margin of profit, in which trusts, combinations, and pools are unknown. Its reduction would result in a serious blow to the industry and in the importation of large quantities of boots and shoes manufactured abroad under conditions with which Americans can not and should not compete.

SIZE OF INDUSTRY.

The boot and shoe business ranks among the greatest manufacturing industries of the continent. The capital employed amounts to over \$220,000,000. The annual product is valued in excess of \$500,000,000, or greater than that of the woolen, sugar, or paper and pulp industries.

PARAGRAPH 451—BOOTS AND SHOES.**NO TRUSTS.**

It is one of the few great staple lines of industry in which the trust form of organization has made no headway. There are to-day over 1,300 separate and independent shoe manufacturing concerns in the United States. No pool, pooling agreement, or combination in any form has ever existed in the industry. The largest single concern to-day manufactures not over 4 per cent of the total product of the country.

NATIONAL SCOPE.

The industry is national in extent, stretching from Lewiston, Auburn, and Gardiner, Me., to San Francisco, and from St. Paul and Minneapolis to Atlanta and New Orleans. Shoe manufacturing forms an important industry in Maine, New Hampshire, Massachusetts, Connecticut, New York, Pennsylvania, New Jersey, Maryland, Virginia, Georgia, Louisiana, Ohio, Illinois, Missouri, Michigan, Wisconsin, Minnesota, California, Oregon, and Washington.

MARGIN OF PROFIT.

Competition in the shoe industry has resulted in the consumer receiving the maximum value possible. The margin of profit, never large, has decreased to from 5 per cent to 3 per cent on the turnover, or lower than most, and as low as any important manufacturing enterprise. No more than healthy profits are made by shoe manufacturers, and it is a significant fact that no large fortunes have ever arisen from this industry. Competition, on the other hand, has resulted in progressive manufacturing policies and in the scientific study of the problems of manufacture and distribution.

ANALYSIS OF COSTS.

In considering the effect of any tariff reduction we must first analyze the costs that enter into the manufacture of shoes, namely, merchandise, machinery, labor, and overhead charges.

MERCHANDISE.

The merchandise items in a shoe which make up the major part of the cost are sole leather, upper leather, cloth, hooks, eyelets, buttons, laces, thread, nails, and tacks. Other merchandise items entering into the cost of this production are lumber for wooden cases, carton boards for cartons, tissue paper for packing, last blocks for lasts, dyes and chemicals for stains and finishes. Every item above without exception, is itself subject to import duty, ranging in amount from 4 per cent to 60 per cent. Such vitally important items as cut soles, calfskins, sheepskins, and goatskins pay a rate of 15 per cent; cotton lining pays 31½ per cent; calfskins, japanned or patented, 25 per cent; carton boards, 35 per cent; hooks and eyelets, 45 per cent; cotton webbing, 60 per cent; linen thread, 38 per cent; and buttons, 57½ per cent.

A reduction of the present tariff on boots and shoes will place the American shoe manufacturer in competition with the markets of the world in the sale of his products while not allowing him the advantages of the markets of the world in the purchase of his raw materials. It in effect offers a subsidy to competing foreign manufacturers who are able to purchase their merchandise at lower prices than American manufacturers of boots and shoes.

MACHINERY.

While the merchandise items are heavily protected, machinery is no less so. Shoe machinery carries a rate of 45 per cent import duty; needles, 47 per cent; brushes, 40 per cent; and last blocks, 20 per cent.

The American shoe manufacturer is no longer at an advantage in competing with his European rivals because of his American inventive skill in developing and applying machinery to the process of manufacture. The European manufacturer can now secure the same machines used by the American manufacturer from the same machinery company. This company supplies the European manufacturer with trained instructors to teach his operators and with equal service in caring for his machines.

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LABOR.

The American shoe manufacturer can not successfully compete in cost of manufacture with the European manufacturer because of the wide difference in the cost of labor in favor of the European shoe manufacturer. The difference in wages between this country and abroad is generally recognized and has been the subject of numerous Government reports in this country and of reports of royal commissions in Great Britain. The difference in wages paid in the shoe manufacturing industry, however, between this country and Great Britain and the Continent of Europe is not generally known and has not been widely commented on. The facts, however, are clear and beyond the possibility of question. Comprehensive schedules have been prepared and are submitted herewith.

SOURCE OF INFORMATION.

These schedules are based upon investigations made by the Government into the cost of manufacturing shoes abroad and specifically upon a report prepared by the Department of Commerce and Labor, Special Agent Series 49, Shoe and Leather Trade, and Department of Commerce and Labor, Special Agent Series 50, Shoe and Leather Trade. The American figures are taken from the cost figures of five of the leading shoe manufacturers of this country. Only by a comparison of the detailed schedules following can one appreciate fully the very marked disparity between the wages paid in the shoe industry in this country and in Europe. These tables can be no more than summarized here.

WAGES.

The wages in the average factory in the United Kingdom making men's Goodyear welt shoes average 46 per cent of the average wages of workmen in American factories making a similar grade of goods. The average wages in shoe factories in the Leeds district of Great Britain, making heavy goods, average 55 per cent of the wages received by American workmen in American factories making a corresponding grade. The average wages in factories in Glasgow, Scotland, are exactly 50 per cent of the wages paid in factories in America making a similar grade of goods. The average wages in German factories reported on by the Department of Commerce and Labor are 50 per cent of the wages in American factories making similar grades of goods.

LABOR COST.

The total labor cost per pair of manufacturing shoes in the United Kingdom and Germany is approximately 60 per cent of the labor cost in this country on similar grades of work. It is obvious that in many industries the foreign wage may be lower than the American wage, and yet the foreign labor cost may be equal to or greater than the American labor cost. This condition, which is well recognized, is, of course, due to the greater efficiency of American methods, American machinery and American labor. This condition does not, however, obtain in the shoe industry. The foreign shoe manufacturer with the advantage of American machinery and American instructors supplied by the machinery company and with a wage scale of approximately 50 per cent of his American competitor is able to secure a labor cost of approximately 60 per cent of his American competitor.

DIFFERENTIAL IN FAVOR OF FOREIGN MANUFACTURER.

The difference of 40 per cent in the labor cost in favor of the foreign manufacturer is a differential susceptible of mathematical proof. The tables which follow and the graphic chart summarizing these tables amount to a demonstration. The average labor cost of an American shoe retailing from \$4 to \$4.50 is 64 cents. The foreign manufacturer, with his advantage of a 40 per cent lower labor cost, saves 25 cents per pair in competition with the American manufacturer on this point alone.

OVERHEAD CHARGES.

The overhead charges of the foreign shoe manufacturer are distinctly lower than the corresponding charges of the American manufacturer.

PARAGRAPH 451—BOOTS AND SHOES.**DEPRECIATION.**

It is a well-recognized principle of management that a manufacturer having a low wage scale will perform many operations by hand which a manufacturer with a high wage scale must perform by machinery. This principle is particularly applicable to the shoe industry. Each shoe in the course of its manufacture passes through approximately 150 operations. Most of these operations in an American factory are performed by machinery. Many of these operations in British and German factories, which are here performed by machinery, are there performed by hand. This materially reduces the overhead expense of the foreign manufacturer. He not only saves depreciation and interest on the investment in machinery, if the machine be one subject to purchase, or royalty on the machine in case of a leased machine, but he saves a very substantial item of parts and repairs required to keep the machine in condition.

POWER.

Furthermore, the very materially greater use of machinery in this country results in a large increase in the power expense of the American manufacturer. From the nature of the case, accurate figures can not be secured, because no details of overhead charges in foreign factories are published. The fact, however, is undisputed and is a necessary conclusion from the published reports of wages, labor cost, and operations performed by hand and machines.

SALARIES.

Furthermore, the expenses of the foreign manufacturer for nonproductive labor are lower than the corresponding expense to the American manufacturer. Salaries for foremen, superintendents, clerks and office employees generally in the United Kingdom are not over 60 per cent of the salaries for corresponding positions in American shoe factories.

POINT II.

The present tariff is a necessary protection to a large number of highly skilled, well paid American workmen. Its reduction would necessitate radical readjustment of wages and of standards of living to compete with European wages and standards.

AMERICAN SHOE WORKERS.

There are to-day over 200,000 workmen employed in American shoe factories. These workmen are highly skilled and a large proportion of them are Americans. They are employed at high wages, under good conditions, and maintain a standard of living as high as the workers in any manufacturing industry of the country. Approximately 33 per cent of the shoe workers are women. The wages of the women in shoe manufacturing average higher than the wages of women in any other of the 24 industries selected by the United States Census for detailed analysis.

READJUSTMENT OF WAGES REQUIRED BY TARIFF REDUCTION.

The present tariff on boots and shoes actually finds its way into the pockets of the American workman. It does not swell the profits of manufacturers, it does not contribute to monopoly. The shoe manufacturing industry could work on no lower profits even if the tariff were reduced. The present profit is as low as a healthy industry can accept and continue to exist. A reduction in the tariff, since it could not permanently reduce the profits of the American manufacturer, would come directly from his wage schedule. The detailed statistics as to wages are discussed in detail on a previous page. It has there been pointed out that the average wage of shoe workers in the United Kingdom and in Germany is approximately 50 per cent of the average wage in this country. These readjustments will affect men and women of one of the most skilled industries of the country and will bring them into direct competition with the low wages and the low standards of living in Great Britain and on the Continent. We submit that no adequate reason has been shown for requiring the American workman in the shoe industry to submit to such radical readjustment. Only dire necessity should be considered adequate cause for requiring him to take so radical a step backward in industrial progress.

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POINT III.

The present tariff is already low and has but recently been reduced. Its further reduction would not benefit the American consumer.

PRESENT LOW DUTY.

The present rates of 10 per cent and 15 per cent on boots and shoes are low when compared with the rates of duty on all items entering into the finished shoe, and are low when compared with the rates of duty on other articles of American manufacture. The tariff rates, which have protected the shoe industry for many years, were recently reduced by the Payne-Aldrich tariff law, but such reduction brought them to the minimum point which can be taken with safety to the shoe industry or to the shoe workers of the United States. It is, however, notable that the shoe manufacturer, practically alone among manufacturers of the country, consented without serious objection to the reduction to the present rate. Such public-spirited attitude toward the tariff question should not be penalized by further reduction beyond the danger point.

The American consumer to-day obtains the maximum value for the amount expended by him when he purchases a pair of American-made shoes. The keen competition in the industry, a competition in value as well as a competition in price, gives to the consumer more for the amount expended than he can obtain in purchasing the product of any other American industry.

AMERICAN EXPORTS OF BOOTS AND SHOES.

The history of exports of American boots and shoes is a significant argument for the necessity of the present duty. American exports of boots and shoes form less than 4 per cent of the American product and are virtually a negligible item. Of these exports, less than one-third are to the countries of Europe. In other words, American exports of boots and shoes to European countries form only 1 per cent of the product of American shoe factories. This 1 per cent which is exported to Europe is the product of a few American firms. Their entry into the European field is due to their ability as merchants, which enables them to sell a few shoes in competition with foreign manufacturers on their own ground even though their costs of production are higher. The shoes are largely sold in stores controlled by the American manufacturers, are advertised brands of shoes, and are sold largely to American tourists.

EXPORTS TO GREAT BRITAIN.

It is a significant fact in this connection that the exports of the United States to the United Kingdom, which form the major part of our exports to Europe, are decreasing from year to year, having shown the surprising decrease of 24 per cent since 1903. This fact alone is an eloquent argument for the necessity of the present rates of duty on American boots and shoes. American manufacturers, because of their labor cost, have been unable to retain their business in Great Britain in competition with British manufacturers even after they have obtained the business by their merchandising ability and their chain stores.

EXPORTS TO OTHER EUROPEAN COUNTRIES.

America's exports to France, Germany, and other European countries are so small as to be negligible. It is noteworthy in passing, however, that our exports to these countries are less than the exports of Great Britain to these countries.

EXPORTS TO SPANISH AMERICA.

The bulk of the American export trade in boots and shoes which, as already pointed out, is pitifully small, is to countries immediately adjoining this country, such as Mexico, the West Indies, Bermuda, and Central America. None of these countries manufacture shoes themselves to any important extent. They are therefore purchasers in the market. America's sales to them are due, not to our lower cost, but to our ability as merchants. American wholesale dealers in boots and shoes can supply these countries with their needs from time to time, where the British manufacturer who is not himself a wholesaler is at a disadvantage. These same American merchants, however, with the duty removed, would purchase their shoes direct from the British manufacturer and continue to supply their American and other customers with the same merchandising ability and the same quality of service which has brought

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them to their present commanding position. The American merchant would readjust himself by purchasing in foreign markets, while the American shoe manufacturer and the American shoe worker would suffer.

PRESENT LOW DUTY.

The American manufacturers' increased cost in competition with his European competitor has been pointed out to be:

- (a) In the purchase of his raw material.
- (b) In his machinery.
- (c) In his labor cost.
- (d) In his overhead charges.

The difference in labor cost alone has been shown to be 40 per cent, or 25 cents per pair. The difference in the three other items is not susceptible of such exact measurement, but is conservatively in excess of 5 per cent. Five per cent of these items in the cost of a shoe to retail at \$4 amounts to 12 cents. The total handicap of the American manufacturer is therefore in excess of 37 cents per pair. The present duty on shoes made of calfskin to retail at \$4 a pair would be approximately \$0.26 per pair; of shoes made from goatskin, \$0.42 per pair; or an average of 35 cents per pair. We submit that this duty is low and can not with safety be reduced.

POINT IV.

Opposition to any reduction is national in extent. East and West, North and South, join in unanimous protest. Shoe manufacturers, shoe merchants, and shoe workers alike oppose any reduction in the present reasonable rates.

LIST OF DELEGATES APPOINTED BY THE SEVERAL ASSOCIATIONS TO APPEAR BEFORE THE
WAYS AND MEANS COMMITTEE.*National Boot and Shoe Manufacturers' Association.*

Illinois:

Milton S. Florsheim, Florsheim Shoe Co., Chicago.
E. Selz, Selz, Schwab & Co., Chicago.

Iowa:

R. O. Green, Green-Wheeler Shoe Co., Fort Dodge.
E. B. Piekenbrock, E. B. Piekenbrock Shoe Co., Dubuque.

Kentucky: F. E. Reeser, Conrad Shoe Co., Louisville.

Maine: A. J. Sweet, Lunn & Sweet Shoe Co., Auburn.

Maryland: A. H. Colmary, A. H. Colmary & Co., Baltimore.

Massachusetts:

Elmer J. Bliss, Regal Shoe Co., Boston.
Chas. H. Jones, Commonwealth Shoe and Leather Co., Boston.

Michigan:

John B. Howarth, The Pingree Co., Detroit.
E. F. Carpenter, Holland Shoe Co., Holland.

Missouri:

Jackson Johnson, International Shoe Co., St. Louis.
A. D. Brown, Hamilton, Brown Shoe Co., St. Louis.
C. L. Swarts, Wertheimer, Swarts Shoe Co., St. Louis.

New Jersey:

Jas. B. Banister, Jas. A. Banister Co., Newark.
Herbert P. Gleason, Johnston & Murphy, Newark.

New York:

Walter S. Baker, Geo. Baker & Sons, Brooklyn.
Hanan & Son, Brooklyn.
Jos. Wichert, Wichert & Gardiner, Brooklyn.
E. P. Reed, E. P. Reed & Co., Rochester.
William H. Dunn, Utz & Dunn Co., Rochester.
Chas. A. McCarthy, Dunn & McCarthy, Auburn.
H. W. Cook, A. E. Nettleton Co., Syracuse.

Ohio:

P. E. Selby, Selby Shoe Co., Portsmouth.
Krippendorf Dittman Co., Cincinnati.
Krohn, Fecheimer & Co., Cincinnati.
S. L. Pierce, S. L. Pierce & Co., Cleveland.
G. Edwin Smith Shoe Co., Columbus.

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Pennsylvania:

A. S. Kreider, A. S. Kreider Shoe Co., Annville.
 Wm. S. Duling, Laird, Schober & Co., Philadelphia.
 Lewis Ziegler, Ziegler Bros., Philadelphia.

Wisconsin:

Harsh & Edmonds Shoe Co., Milwaukee.
 F. Mayer Boot & Shoe Co., Milwaukee.
 John Foster, John Foster Co., Beloit.

National Shoe Wholesalers' Association.

Lynchburg, Va.: John W. Craddock, Craddock-Terry Co.
 Atlanta, Ga.: J. K. Orr, J. K. Orr Shoe Co.
 Chicago, Ill.: J. Harry Selz, Selz, Schwab & Co.
 New York, N. Y.: Daniel P. Morse, Morse & Rogers.
 Boston, Mass.: George Hutchinson, Clark-Hutchinson Co., and Milton H. French.
 (Mr. French also representing the New England Shoe Wholesalers' Association.)

New England Shoe and Leather Association.

Lynn, Mass.: P. J. Harney, P. J. Harney Shoe Co.
 Brockton, Mass.: John S. Kent, M. A. Packard Co.
 Manchester, N. H.: Hovey E. Slayton, F. M. Hoyt Shoe Co.
 Boston, Mass.: J. Franklin McElwain, W. H. McElwain Co.
 Haverhill, Mass.: Col. John E. Maguire, Thayer, Maguire & Field.

National Shoe Retailers' Association.

H. J. Black, Portland, Me.	J. M. Robinson, Kansas City, Mo.
Jas. F. McNeil, Boston, Mass.	Robert Cleator, Reno, Nev.
W. A. Thompson, Concord, N. H.	J. G. Wolfinger, Alamogordo, N. Mex.
W. S. Smith, Rutland, Vt.	Walter Turrell, Seattle, Wash.
W. G. Simmons, Hartford, Conn.	Max Sommer, San Francisco, Cal.
Geo. F. Peirce, Providence, R. I.	Geo. Dabier, Cheyenne, Wyo.
A. B. Eastwood, Rochester, N. Y.	Benj. Davis, Salt Lake City, Utah.
A. H. Geuting, Philadelphia, Pa.	H. A. Diehl, Phoenix, Ariz.
Maurice Wyman, Baltimore, Md.	J. P. Orr, Cincinnati, Ohio.
Desmonde Cronin, Wilmington, Del.	R. H. Fyfe, Detroit, Mich.
A. A. Eisele, jr., Newark, N. J.	Jos. Strasburger, District of Columbia.
D. F. McIntosh, Chicago, Ill.	H. E. Hagan, Boston, Mass.
F. L. Wilson, Washington, Iowa.	John O'Connor, Chicago, Ill.
Jos. Schumacker, Milwaukee, Wis.	J. L. Twaddell, Philadelphia, Pa.
J. E. Bassett, Lexington, Ky.	E. D. Gildersleeve, Poughkeepsie, N. Y.
J. McDonald, Great Falls, Mont.	Swope Shoe Co., St. Louis, Mo.
Wm. A. Knight, Portland, Ore.	A. C. McGowin, Philadelphia, Pa.

BOOT AND SHOE MANUFACTURING—LABOR COST.

INTRODUCTION.

Analytical method used for arriving at relative wages.—Existing reports on foreign wages do not as a rule include wages of all employees, but cover principal operations or selected representative operations. It is believed, however, that the information on these fragmentary groups or classes is accurate and is a proper basis for comparative analysis, provided conditions in the United States are matched with these reports item by item, omitting from the United States figures such items as are not given on foreign reports, and omitting from foreign reports items which can not be matched with figures for the United States.

Comparison by group analysis.—The method used, therefore, has been to match with the foreign data the corresponding data for the United States exactly item by item, grouping each analysis under a separate number. All figures have been summarized in such a manner as to show percentage relation between foreign wages and United States wages, United States wages in every case being represented by 100 per cent. In this way is brought out clearly a simple wage ratio that can be used in making comparisons and forecasts.

Statistical comparisons.—Owing to the variations in the field covered by various available statistics on wages in foreign countries, statistical comparisons are in many

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cases of doubtful comparative value. The general trend of such statistics, however, is of value.

Labor-cost analysis.—Because of the fragmentary nature of foreign piece-rate and operation reports and our unfamiliarity with the detailed steps of foreign shoe manufacturing process, it is believed that the most accurate method of comparison is by matching operation for operation without making an attempt to estimate the total cost per pair. In cases, however, where the total labor cost per pair is summarized in foreign reports, we have matched these summaries with cost in the United States for corresponding departments or groups of departments.

Analysis No. 1, showing difference in actual wages on principal shoe-factory operations between United States, average factory (a), and United Kingdom, average factory (b).

[Source: (a) Labor Dept. of Mfg. Co. E.; (b) Dept. of Com. and Labor: Special Agents' Series 49: Shoe and Lea. Trade—United Kingdom, p. 26.]

Class of work.	United States.	United Kingdom
Cut outsides, hand.....	¹ \$18.00	\$3.00
Cut linings, cloth, hand.....	15.00	4.86
Cut trimmings (lea. linings, etc.).....	12.00	3.88
Skive uppers.....	11.00	3.88
Folding.....	9.00	3.60
Closing.....	10.00	3.88
Turning and beading.....	9.00	3.40
Top stitching.....	¹ 11.00	4.00
Vamping.....	14.00	4.00
Lining making.....	8.00	2.91
Eyeletting.....	9.00	2.91
Tip stitching.....	12.00	3.88
Punching.....	10.00	3.88
Cut outer sole (or pressing).....	¹ 16.50	7.29
Stock fitting.....	17.00	7.77
Channeling.....	18.00	7.77
Build heels.....	9.00	4.86
Assembling.....	10.00	3.88
Pull overs, Rex machine.....	¹ 18.00	10.93
Lastings, consolidated (C. H. M.).....	¹ 18.00	10.93
Pound up.....	12.00	7.29
Lay soles.....	13.50	7.77
McKay sew.....	¹ 17.00	8.50
Leveling.....	13.50	7.77
Heeling.....	¹ 17.00	7.77
Trim heels.....	17.00	8.50
Trim edges.....	¹ 19.00	7.77
Scour heels.....	14.00	7.29
Set edges.....	¹ 17.00	8.50
Burnish heels.....	13.50	7.29
Scour bottoms.....	¹ 15.00	7.29
Black or stain bottoms.....	11.00	7.77
Roll or pad bottoms.....	13.00	4.37
Stamp bottoms.....	10.00	3.88
Put in stock linings.....	9.00	2.43
Packing.....	10.00	2.91
Trim out uppers and pull tacks.....	9.00	3.88
Welting (or inseaming).....	¹ 23.00	9.72
Trim in seams (and beat welts).....	12.00	6.07
Fill bottoms.....	9.00	2.91
Lay soles.....	12.00	7.29
Round, Goodyear.....	¹ 21.00	8.50
Stitch.....	¹ 17.00	7.77
Heel, on last.....	18.00	8.50
Trim heels.....	18.00	8.50
Trim edges.....	¹ 20.00	8.50
Set edges.....	¹ 17.00	8.50
Total—All operations.....	652.00	293.75
Ratio—All operations.....	100	45
Total—Operations marked.....	¹ \$278.50	\$127.97
Ratio—Operations marked.....	¹ 100	46

¹ Skilled operations having a low production per employee, and therefore having greatest effect on cost of production.

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Analysis No. 2, showing relative wage conditions on corresponding operations, heavy work, between United States (New England heavy goods factories) (a) and United Kingdom (Leeds district) (b).

[Source: (a) Estimate, Labor department of Company E; (b) Department of Commerce and Labor: Special Agents' Series No. 49; Shoe and Leather Trade in United Kingdom, pp. 29 and 30.]

Class of work.	Per week.	
	United States.	United Kingdom
Cut sole leather, dieing-out machine:		
Skilled.....	\$14. 00	\$7. 29
Unskilled.....	9. 00	2. 92
Foreman, sole leather stock fitting.....	20. 00	9. 73
Miscellaneous unskilled work, boy.....	7. 00	2. 43
Pull over, Rex machine.....	13. 50	7. 29
Operate consolidated lasting machine.....	15. 00	10. 22
Operate Rex rotary pounder.....	11. 00	7. 29
Tack on outer soles.....	12. 00	7. 29
Operate standard screw machine.....	16. 50	8. 51
McKay sew.....	15. 00	8. 51
Level, Hercules.....	12. 00	8. 51
Total.....	145. 00	79. 98
Ratio.....	100	55

NOTE.—United Kingdom wages taken in each case at the highest figure quoted.

Analysis No. 3, showing comparison in weekly wages on various operations, between (a) United States, New England shoe centers, and (b) United Kingdom, Glasgow, Scotland.

[Source: (a) Estimate, Labor Department, Company E.; (b) Department of Commerce and Labor, special agents series No. 49; Shoe and Leather Trade in United Kingdom, p. 34.]

Operation.	Weekly wage.	
	United States.	United Kingdom.
Operate pulling-over machine.....	\$18. 00	\$10. 93
Operate consolidated machine.....	18. 00	10. 93
Welt Goodyear.....	23. 00	9. 72
Stitch Goodyear.....	17. 00	8. 50
Rounding Goodyear.....	21. 00	9. 72
Trim in seams.....	12. 00	8. 50
Lay soles.....	12. 00	6. 07
Level.....	13. 50	4. 87
McKay sew.....	17. 00	8. 50
Standard screw.....	15. 00	8. 02
Slug.....	14. 00	8. 02
Heel, lightning heeler.....	18. 00	9. 33
Trim heels.....	18. 00	8. 02
Trim edges.....	20. 00	9. 23
Set edges.....	17. 00	9. 23
Build heels.....	9. 00	2. 43
Total.....	262. 50	131. 99
Ratio.....	100. 00	50. 25

PARAGRAPH 451—BOOTS AND SHOES.

Analysis No. 4, showing difference in cost to manufacture men's Goodyear welt, \$3 (factory price)—\$4 and \$4.50 (retail price), between United States, average of four factories (1), and United Kingdom, average factory (2).

[Source: (1) Actual cost from books, submitted by factories quoted; (2) Department of Commerce and Labor, Special Agents' Series No. 49: Shoe and Leather Trade U. K., p. 27.]

Operation.	Average factory.	
	United States.	United Kingdom.
Total labor cost, entire manufacturing process ¹	\$0.639	\$0.380
Ratio.....	100	60

¹ Includes (1) cut uppers, linings, and trimmings, and assemble; (2) stitching or fitting uppers; (3) cut and fit, soles, counters, and heels; (4) lasting, making, finishing, and packing.

NOTE.—The cost for United States factories are all taken from progressive, successful concerns, and are believed to be representative of the cost to manufacture on large scale in this country.

Analysis No. 5, showing difference in cost to manufacture men's Goodyear welt, \$3 (factory price) cutting department, between United States (factory B) and United Kingdom (average factory).

[Source: Department of Commerce and Labor: Special Agents' Series, No. 49. Shoe and Leather Trade in United Kingdom, p. 12.]

MEN'S.

Operation.	United States.	United Kingdom.
Cut by hand, bal. whole shoe.....	\$0.300	\$0.200
Cut by hand, blucher, whole quarter, whole shoe.....	.307	.220
Cut by hand, congress (elastic side), whole shoe.....	.353	.240
Cut by hand, tip (regular oval shape).....	.054	.030
Cut by hand, tongues, regular bal. or blucher.....	.045	.020
Cut by hand, button fly linings (24 to dozen).....	.037	.020
Total.....	1.096	.730
Ratio.....	100	67

Analysis No. 6, showing difference in cost to manufacture women's welts, \$2.50-\$4, between United States, welt factory A, and United Kingdom, Leicester district.

[Source: Company E's private information file.]

Operation.	United States (per dozen).	United Kingdom (per dozen).
Tack innersole to last.....	\$0.024	\$0.035
Welt.....	.180	.101
Beat welts and fill bottoms.....	.038	.061
Cement bottoms and lay soles.....	.050	.061
Nail heel seats.....	.018	.020
Round.....	.078	.061
Open channels.....	.018	.015
Stitch.....	.180	.101
Cement and lay channels.....	.023	.041
Separate stitches.....	.030	.041
Level.....	.060	.023
Round heel seats.....	.010	.020
Heel.....	.060	.043
Slug.....	.010	.020
Breast heels.....	.026	.020
Burnish heels, Xpedite.....	.060	.043
Pull lasts.....	.015	.015
Cut off covers.....	.120	.084
Total.....	1.000	.805
Ratio.....	100	81

PARAGRAPH 451—BOOTS AND SHOES.

Analysis No. 7, showing difference in cost to manufacture women's medium grades, stitching department, between United States, women's welt factory A, and United Kingdom, women's fine and medium.

[Source: Department of Commerce and Labor, Special Agents' Series, No. 49: Shoe and Leather Trade, United Kingdom, pp. 19 and 20.]

Operation.	United States.	United Kingdom.
Perforate, Stanborn machine:		
Bal vamp	\$0.036	\$0.030
Foxings	.036	.020
Fold, Booth machine, tips	.012	.005
Seam heel seam of tops	.024	.020
Seam heel seam of Oxford quarters	.024	.015
Seam heel seam of vamp	.022	.015
Seam butt. fly to top	.036	.030
Stay vamp seam	.024	.015
Stay butt. fly seam	.035	.030
Stay vamp, Union special	.024	.010
Stitch tips, Union special	.042	.025
Stitch foxings to tops, 1 needle	.108	.060
Stitch eyelet facings to linings, bal.	.042	.045
Stitch eyelet facings to linings, blu.	.042	.055
Work butt. holes, Reece machine (per 100 holes) ..	.050	.039
Eyelet, bal.	.040	.030
Vamp, cylinder:		
2 needle, bal.	.246	.243
2 needle, whole quarter blu.	.246	.150
1 needle, whole quarter blu.	.342	.243
1 needle, perforated bal. (including barring) ..	.348	.260
Total	1.779	1.331
Ratio	100	75

Analysis No. 8, showing difference in cost to manufacture women's medium grade, bottoming department, between United States, women's welt factory A, and United Kingdom, women's ordinary.

[Source: Department Commerce and Labor, Special Agents' Series No. 49; Shoe and Leather Trade, United Kingdom, p. 20.]

Operation.	United States.	United Kingdom.
Trim heels (including randing)	\$0.078	\$0.035
Scour heels	.106	.048
Wet heels with filler	.006	.015
Trim edges, Goodyear welt	.198	.050
Burnish heels (including key heels)	.060	.035
Set edges, two settings:		
Complete	.198	.150
Goodyear		
Wheel stitches (foreparts)	.030	.025
Scour, bottom and top lift complete	.066	.060
(a) Rough scour	\$1.50	
(b) Dust off	1.00	
(c) Fine scouring	2.50	
(d) Heel breasts	1.00	
Paint bottom and top lift, black	.012	.025
Roll and brush, black bottom	.066	.045
Cut strings and pull lasts	.015	.020
Total	.835	.508
Ratio	100	61

PARAGRAPH 451—BOOTS AND SHOES.

Analysis No. 9, showing difference in cost to manufacture women's welt, medium grade, bottoming department, between United States, welt factory A, and United Kingdom, Leicester district.

[Source: Company E's private information file.]

Operation.	United States (per dozen).	United Kingdom (per dozen).
Welt.....	\$0.180	\$0.093
Fill bottoms, tack in shanks and cement bottoms.....	.056	.044
Lay soles.....	.036	.066
Round.....	.078	.088
Open channels.....	.018	.026
Stitch.....	.180	.077
Level.....	.060	.040
Heel.....	.060	.027
Trim heels.....	.078	.041
Scour heels.....	.106	.044
Separate stitches.....	.030	.027
Set edges.....	.198	.103
Burnish heels, Xpedite.....	.060	.022
Total.....	1.140	.698
Ratio.....	100	61

Analysis No. 10, showing cost to manufacture women's Goodyear welt (\$1.95) and McKay sewed (\$1.87) between United States, factory D, and United Kingdom, average factory.

[Source: Labor department, Company E (estimate based on actual cost submitted by factory E).]

Operation or group.	United States (per dozen).	United Kingdom (per dozen).
Cutting outside and lining, including foreman.....	\$0.694	\$0.606
NOTE.—United Kingdom probably contains pattern room, etc.		
Closing room, including skiving and foreman.....	.979	.850
Sole-leather room, including heel building, top piecing, slugging, breasting and scouring breast.....		.243
Sole-leather room, including heel building.....	.403	
NOTE.—Top piecing, slugging, breasting and scouring breast done in bottoming room in American factories.		
Pull over, Rex machine.....	1.070	.040
Lasting, consolidated, McKay.....	1.150	.089
Lay soles and nail heel seats, McKay.....	.073	.043
McKay sew.....	.060	.043
NOTE.—United Kingdom use English Channel (harder).		
Welting (sewing) Goodyear.....	.120	.092
NOTE.—Majority of United States factories cost about .15.		
Trim in seams and beat welts.....	.078	.035
Fill bottoms, tack in shanks, cement bottom and sole.....	.040	.044
Lay soles, Goodyear.....		
(Comparison omitted because of apparent difference in process.)		
Rough rounding.....	.055	.087
NOTE.—United States factories are usually about .07.		
Stitch Goodyear.....	1.120	.076
(Many United States factories pay 14-18 cents.)		
Level, McKay.....	.050	.046
Level, Goodyear (figures omitted): United States, .015; United Kingdom, .046.		
(Indicates difference in process, machines, and conditions.)		
Heel (without boy; different process).....	.043	.026
Slug heels.....	.012	(?)
Shave heels.....	.023	.040
NOTE.—Probable difference in machine.		
Breast heels.....	.016	(?)
Scour heels.....	.036	.044
Scour-heel breast.....	.009	(?)
Trim edges.....	1.130	.060
Separate stitches.....	.024	.026
Set edges.....	.144	.100
Buff, Naumkeag, brush edge, and stitch.....	.058	.036
Hand finishing includes paint bottoms, black shanks, and top pieces.....	.124	.025
Boy to ink.....	.008	.007
Burnish heels, Xpedite.....	1.035	.022
Iron and dress.....	.090	.060
Packing, daywork and foreman.....	.040	.020
Total of items compared.....	8.684	2.780
Ratio of cost.....	100	75

¹ Operations on which the machines, process, and conditions are believed to be nearly identical in both countries.

² Insole leather.

PARAGRAPH 451—BOOTS AND SHOES.

Analysis No. 11, showing difference in cost to manufacture women's McKay, medium grade, stitching department, between United States, factory D, and United Kingdom, Leicester district.

[Source: Company E's private information file.]

Operation.	United States.	United Kingdom.
Work buttonholes (per 1,000 holes).....	\$0.417	\$0.243
NOTE.—Conditions probably nearly identical.		
Finish ends of buttonholes.....	.022	.010
NOTE.—Conditions nearly identical.		
Seam linings at toe.....	.019	.010
Close linings.....	.012	.011
Total.....	.470	.274
Ratio.....	100	58

Analysis No. 12, showing difference in actual wages on various shoe factory operations, between United States average factory and Germany average factory.

Source: (a) Labor department of Manufacturing Company E; (b) Department of Commerce and Labor, Special Agents' Series, No. 50, Shoe & Leather Trade, pp. 10 to 17.]

Class of work.	United States (per week).	Germany (per week).
Cut outsides, clicking machine:		
Fine grades.....	\$19.00	\$8.00
Medium and heavy grades.....	16.50	6.00
Roll sole leather.....	10.50	7.80
Cut outsoles, die cutting.....	17.00	7.80
Cut innersoles, die cutting.....	16.00	7.20
Round outsoles: Planet machine.....	15.00	7.20
Grade and skive outsoles: Nichols machine.....	8.00	5.40
Mould counters.....	12.00	4.80
Compress heels.....	11.00	6.00
Compress or condensed top lifts.....	9.00	6.00
Channel gem innersoles.....	14.00	7.80
Insole lip cutting, scoring, and sizing.....	7.50	4.20
Turn lips.....	8.00	4.20
Cement gem insoles.....	7.00	3.30
Make gem insoles.....	8.00	4.20
Mold countersoles.....	13.50	6.60
Put up and put away lasts.....	12.00	6.00
Tack insole to last, staple tacker.....	9.00	4.80
Assemble, Rex machine.....	11.00	6.60
Pull over, Rex machine.....	18.00	8.40
Operate consolidated lasting machine.....	18.00	8.70
Lasting, No. 5 machine.....	16.50	8.70
Trim uppers, Rex machine.....	10.00	6.00
Operate Rex rotary pounder.....	12.00	7.20
Welt (or inseam), Model K welter.....	23.00	12.00
Trim inseams, Universal machine.....	12.00	6.60
Fill bottoms.....	9.00	3.60
Lay soles.....	12.00	6.00
Round and channel outsoles.....	21.00	10.80
Stitch, Goodyear.....	17.00	9.00
Trim edges.....	20.00	7.20
Heel, Lightning.....	18.00	9.00
Slug.....	12.00	6.00
Trim heels.....	18.00	7.20
Scour heels.....	14.00	9.00
Set edges.....	17.00	9.00
Scour bottoms.....	15.00	6.00
Burnish heels, Xpedite.....	14.00	6.00
Stamp bottoms, Regent power stamper.....	9.00	6.00
Iron uppers.....	10.00	4.20
Lace or button.....	7.50	3.60
Pack.....	10.00	3.60
Total.....	557.00	277.70
Ratio.....	100	50

PARAGRAPH 451—BOOTS AND SHOES.

Analysis No. 13, showing difference in cost to manufacture women's Goodyear welt, lasting department, between United States, women's welt factory A, and Germany, Goodyear welt grade.

[Source: Department Commerce and Labor, Special Agents' Series, No. 50; Shoe and Leather Trade, Germany, p. 12.]

Operation.	United States (per 100 pairs).	Germany (per 100 pairs).
Sort lasts (and put uppers with lasts).....	\$0. 15	\$0. 12
Tack innersole to last (machine) (and trim innersoles at heel).....	.26	.14
Shellac boxes (and paste counter—German).....	.35	.48
Assemble, Rex machine.....	1. 50	.08
Pull over, Rex machine.....	1 1. 00	.40
Last sides, hand.....	1. 50	.....
Last heel and toe, No. 5 machine.....	2. 25	.....
Pull up lining and tack heel seat.....	.....	.24
Last heel seats and sides, consolidated.....	.....	.50
Last toes, No. 5 machine.....	.....	.72
Pound heel seat and tap toes on rotary machine.....	.....	.30
Total.....	6. 01	2. 98
Ratio.....	100	50

¹ Machines, prices, and conditions are believed to be nearly identical in both countries.

Analysis No. 14, showing difference in cost to manufacture women's Goodyear welt, sole fastening, between United States, women's welt factory A, and Germany, Goodyear welt grade.

[Source: Department of Commerce and Labor, Special Agents' Series No. 50, Shoe and Leather Trade, Germany, pp. 12 and 13.]

Operation.	Per 100 pairs.	
	United States.	Germany.
Trim toes (and pull tacks).....	\$0. 45	\$0. 28
Welt, model K.....	1 1. 50	.36
Pull tack, trim inseams, and butt welts.....	1 .85	.36
Beat welts.....	.12	.12
Fill bottoms, Besto.....	1 .20	.12
Lay soles.....	.30	.20
Round, Goodyear.....	1 .65	.36
Open channels.....	.15	.10
Stitch Goodyear, model M.....	1 1. 50	.40
Cement channels.....	.09	.06
Lay channels.....	.10	.08
Level.....	.50	.30
Wheel stitches.....	.25	.18
Nail heelseats.....	.15	.14
Round heelseats.....	.08	.10
Total.....	6. 89	3. 16
Ratio.....	100	46

¹ Machines, process, and conditions are believed to be nearly identical in both countries.

PARAGRAPH 451—BOOTS AND SHOES.

Analysis No. 15, showing difference in cost to manufacture women's Goodyear welt, bottoming department items, between United States, women's welt factory A, and Germany, Goodyear welt grade.

[Source: Department Commerce and Labor, Special Agents' Series No. 50, Shoe and Leather Trade, Germany, p. 15.]

Operation.	United States.	Germany.
Heel, lightning (and boy) high heels.....	\$0.70	\$0.48
Slug.....	.08	.14
Trim heels (high).....	.65	.21
Breast heels.....	.22	.16
Scour heels (first time).....	.60	.66
Trim edges (joint up, shank, heel).....	1.65	1.14
Set edges, twice.....	1.65	.92
Burnish stitches.....	.15	.24
Scour heels, fine, high.....	.33	.28
Scour bottom (and Naumkeag).....	.55	.48
Burnish heel, Xpedite.....	.60	.30
Pull lasts.....	.15	.24
Look for tacks and put in heel pins.....	.12	.24
Clean linings.....	.10	.10
Lace.....	.12	.10
Button.....	.15	.10
Total.....	7.72	5.79
Ratio.....	100	75

Analysis No. 16, showing comparison of average wages between United States and foreign countries.

[Source: Statistical comparisons by Company R.]

SUMMARY.

For detail, see analysis No.—	Country.	Weekly wage.	Average per cent compared to United States.
16, 26	United States.....	\$12.84	100.0
17	Scotland.....	7.42	57.7
18	England.....	7.17	55.8
19	Ireland.....	6.66	51.8
20	Germany.....	5.89	45.8
21	Denmark.....	5.38	41.9
22	Austria.....	5.00	39.0
23	France.....	4.76	37.0
24	Norway.....	4.68	36.4
25	Switzerland.....	4.63	36.0

Analysis No. 17, showing comparison of average wages between United States and Scotland.

[Source: Statistical comparisons by Company R. From Butman's Report No. 49.]

Average of weekly wages by operatives in Glasgow equals \$8.24, and as 75 to 85 per cent are male this seems a good average. For provincial towns about 20 per cent may be deducted from this figure, giving \$6.60. As approximate, half and half are made in large cities and in small, our general average becomes.....

\$8.24

6.60

14.84

Average..... 7.42

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Analysis No. 18, showing comparison of average wages between United States and England.

[Source: Statistical comparison by Company R. From Butman's Report No. 49.]

Average by operations (64) equals \$5.95 per week.

Also from the same report: For male adults there is a minimum wage of \$7.29 and \$7.05, or an average of \$7.17. Also he says the average workman receives from \$7.05 to \$8.51 per week, or an average of \$7.78. Since the \$5.95 is too low for a general average, as it is an average based on operations, and the operations which employ youths and women pull down the general average, and since the \$7.78 is too high, as it is per adult male workmen only, we will use for our final average a proportion of 2 to 1 to allow for the cheaper labor.

$$\begin{array}{r} \$7.78 \times 2 = \$15.56 \\ 5.95 \times 1 = 5.95 \end{array}$$

$$\begin{array}{r} 3) \quad 21.51 \end{array}$$

7.17 final average.

Analysis No. 19, showing comparison of average wages between United States and Ireland.

[Source: Statistical comparison by Company R. Butman's Report No. 49.]

Average by operations of nine figures gives us \$6.66 per week. This appears a good average, as about 75 per cent of the employees are men.

Analysis No. 20, showing comparison of average wages between United States and Germany.

[Source: Statistical comparison by Company R. From Butman's Report No. 50.]

1. In an average of 10 figures we have a weekly wage of \$6.16.
2. In an average of 260 figures by operatives we have a weekly wage of \$6.30.
3. From Thirteenth Abstract of Labor Statistics of the United Kingdom, 1907-8:
 121 men, at 14s. 9d. or less,
 1,736 men, at 14s. 9d. to 20s. 8d.,
 627 men, at 20s. 8d. to 26s. 7d. per week,
 = 121 men, at \$3.54 or less,
 1,736 men, at \$3.54 to \$4.96,
 627 men, at \$4.96 to \$6.38.

Lowest rate in case 1 is \$2.62; therefore, averaging the rates, we have

$$\begin{array}{r} 121 \times 3.08 = 372.68 \\ 1,736 \times 4.25 = 7,378.00 \\ 627 \times 5.67 = 3,555.09 \\ \hline 2,484 \qquad 11,305.77 \\ \text{Average} = \qquad \$4.55 \end{array}$$

This figure is probably low, being for 1906 as against the first two cases of 1910. Therefore, giving it half value for the final average, we have—

$$\begin{array}{r} \text{Case 1. } 6.16 \times 2 = \$12.32 \\ \text{Case 2. } 6.30 \times 2 = 12.60 \\ \text{Case 3. } 4.55 \times 1 = 4.55 \\ \hline 5) \quad 29.47 \\ \hline 5.894 \end{array}$$

Analysis No. 21, showing comparison of average wages between United States and Denmark.

[Source: Statistical comparison by Company R. From Butman's Report No. 63.]

Fifty-seven hours per week.

Forty per cent of the employees are women; no children employed. Wage agreement:

Average for men.....	\$0.1235 per hr. $\times 57 = \$7.04$
Average for youths.....	.0665 per hr. $\times 57 = 3.79$
Average for women.....	.072 per hr. $\times 57 = 4.10$
Average for girls.....	= 2.55

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Figuring on a basis of 45 per cent men, 15 per cent youths, 30 per cent women, and 10 per cent girls, we have:

Men.....	45×\$7.04=	\$316.80
Youths.....	15× 3.79=	56.85
Women.....	30× 4.10=	123.00
Girls.....	10× 2.55=	25.50
	100	522.15
	Average.....	5.22

From Thirteenth Abstract of Labor Statistics of the United Kingdom, 1907-8.

Average wages for week in Denmark=23s. 1d.=23s. 1d.=.24×23=5.52+.02=\$5.54.

Final average=	\$5.22
	5.54
	10.76
	5.38

Analysis No. 22, showing comparison of average wages between United States and Austria.

[Source: Statistical comparison by Company R.]

Only report available on wages of shoe operators in Austria was Butman's Report No. 42, dated 1911.

He states that in the interior districts the wages average \$4 to \$5 per week, and not over \$6 in Vienna. Therefore, we have assumed \$5 a week as the average wage.

Analysis No. 23, showing comparison of average wages between United States and France.

[Source: Statistical comparison by Company R.]

Butman's Report No. 57, dated 1912, gives the following daily wages of two factories and the number of employees:

1. 75 at \$1.00.....	\$75.00	2. 140 at \$0.916.....	\$128.24
10 at .386.....	3.86	30 at .337.....	10.11
55 at .54.....	29.70	85 at .51.....	43.35
15 at .24.....	3.60	35 at .24.....	8.40
155.....	112.16	290.....	190.10
Average.....	.724	Average.....	.655

He also gives two factors where the rates per day were:

	3	4
Men.....	\$1.158	\$0.965
Youths.....	.579	.386
Women.....	.537	.675
Girls.....	.337	.386

In the first two cases the employees and per cent of total were as follows:

Case 1.		Case 2.		Average per cent.
Number.	Per cent total.	Number.	Per cent total.	
75	48.4	140	48.3	48.4
10	6.5	30	10.4	8.4
55	35.5	85	29.3	32.4
15	9.6	35	12.0	10.8
155	100.0	290	100.0	100.0

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3. Therefore, in case 3 we have:

48.4 at \$1.158.....	\$56.047
8.4 at \$0.579.....	4.864
32.4 at \$0.537.....	17.399
10.8 at \$0.337.....	3.640

81.950

Average.....819

4. 48.4 at .965=\$46.706
 8.4 at .386= 3.242
 32.4 at .675= 21.870
 10.8 at .386= 4.169

75.987

Average...759

5. From Thirteenth Abstract of Labor Statistics of the United Kingdom, 1907-8:

Daily wages, France, 1906. Average of nine localities, 4s. 2d. $.243 \times 4 = .97 + .04 =$
 \$1.01.

Recapitulation, France:

Case 1. Daily wage=	\$0.724
Case 2. Daily wage=	.655
Case 3. Daily wage=	.819
Case 4. Daily wage=	.759
Case 5. Daily wage=	1.010

3.967

Average...793

 $.793 \times 6 \text{ days} = 4.76 \text{ weekly wage.}$ *Analysis No. 24, showing comparison of average wages between United States and Norway.*

[Source: Statistical comparisons by company R. From Butman's Report No. 63.]

Fifty-nine hours per week.

Wages per hour in force according to agreement:

	Cents.
Men, 10.4 to 12 cents, average.....	11.2
Youths, 5.8 to 9.3 cents, average.....	7.55
Women, 4.8 to 6.7 cents, average.....	5.75
Girls, 3.2 to 4.2 cents, average.....	3.7

Assuming the same percentage of men, women, etc., as in Denmark, we have—

Men, 45×0.112	\$5.040
Youths, 15×0.0755	1.133
Women, 30×0.0575	1.725
Girls, 10×0.037	.370

8.268

 $0.0827 \times 59 = \$4.88 \text{ average per week.}$

From Thirteenth Abstract of Labor Statistics of the United Kingdom, 1907-8.

In 1900 the average daily wage in the boot and shoe industry in Norway was—

Skilled, 3s. 2½d.....	\$0.765
Unskilled, 2s. 6½d.....	.61

Assuming the skilled to unskilled labor is as 2 to 1 we have—

$$\begin{array}{r} 0.765 \times 2 = \$1.53 \\ 0.61 \times 1 = .61 \end{array}$$

3) 2.14

Average .713

 $0.713 \times 6 \text{ days} = \$4.28$

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Also as this figure is for 1900 and the first figure (\$4.88) is taken about 1910, we will give the 1900 figure only half value in one final average, thus:

$$\begin{array}{r} 4.88 \times 2 = \$9.76 \\ 4.28 \times 1 = 4.28 \end{array}$$

$$\begin{array}{r} 3) \quad 14.04 \\ \hline \end{array}$$

4.68 final average.

Analysis No. 25, showing comparison of average wages between United States and Switzerland.

[Source: Statistical comparison by Company R.]

Average of 113 figures for weekly wages of employees on different operations equals \$4.63.

Analysis No. 26, showing comparison of average wages between foreign countries and United States.

[Source: Statistical comparisons by Company R. From Senate Documents, vol. 74, in 1911.]

The average weekly wages of shoe operatives in the United States is \$12.10.

In Massachusetts report of the Bureau of Statistics for 1908, we find:

	Number employed.
\$3 a week or less.....	1, 131
\$3, but under \$5.....	3, 586
\$5, but under \$6.....	3, 695
\$6, but under \$7.....	4, 977
\$7, but under \$8.....	5, 764
\$8, but under \$9.....	6, 228
\$9, but under \$10.....	7, 386
\$10, but under \$12.....	10, 912
\$12, but under \$15.....	14, 835
\$15, but under \$20.....	15, 450
\$20, but under \$25.....	5, 659
\$25, and over.....	2, 593
	82, 216

Averaging and considering that the lowest man receives \$2 and the highest \$30 we have—

\$2.50 × 1131.....	\$2, 797. 50
4.00 × 3586.....	14, 344. 00
5.50 × 3695.....	20, 322. 50
6.50 × 4977.....	32, 350. 50
7.50 × 5764.....	43, 230. 00
8.50 × 6228.....	52, 938. 00
9.50 × 7386.....	70, 167. 00
11.00 × 10912.....	120, 032. 00
13.50 × 14835.....	200, 272. 50
17.50 × 15450.....	270, 375. 00
22.50 × 5659.....	127, 327. 50
27.50 × 2593.....	71, 307. 50
	1, 025, 464. 00
82216	

Average, \$12.47.

In the 1900 census report the medium weekly wage of males (16 years and over) is \$13.50 and of females \$8.50.

Assuming that there are two males employed to every female, we have—

$$\$13.50 \times 2 = \$27.00$$

$$8.50 \times 1 = 8.50$$

$$\begin{array}{r} 3) \quad 35.50 \\ \hline \end{array}$$

Average. 11.83

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From a report of committee on wages and prices of commodities, part 1, dated June 23, 1910, we find:

In 1907 wages paid to shoe operatives had advanced 18 per cent over that in 1900.

This would be $11.83 \times 118 = \$13.95$.

Averaging the preceding wages, we have—

	\$12.10
	12.47
	13.95
3)	<u>38.52</u>
	12.84 final average.

Mr. McELWAIN. We feel quite positive, Mr. Chairman, that you can not ignore the serious and unanimous conviction of such a representative body of shoe manufacturers, shoe wholesalers, and shoe retailers. We feel that you can not ignore the opinion of the boot and shoe workers, who will also be represented here.

We are content to leave our case here and abide by the conclusion of facts as presented in our brief, as they represent the carefully prepared and approved convictions of our entire organization. Our personal opinions, which may be brought out under cross-examination, may or may not represent the conviction of our organization. We would much prefer to have you get the facts from some disinterested, scientific source, but at any rate we have endeavored to be fair and square in getting at the facts in our brief, and if you find that there is any graft or greed we would suggest that you cut it out, but we feel positive that after your careful analysis you can not find any graft or greed, and if you find justice, we simply ask you to coincide with it.

I shall endeavor in just a few words to go over what the previous speakers have said, and possibly tie them together, under certain headings.

As was brought out this morning, the value of our product is \$500,000,000, the capital invested is \$220,000,000, and the general conditions of the business are about as follows: It is highly competitive; there are about 1,300 shoe manufacturers; there are over 600 shoe jobbers; and there are over 35,000 retailers. The result on account of this condition in this country is that we have an extremely competitive condition, resulting in an extremely close margin of profit in each one of those divisions, and in the manufacturing division alone, as has been brought out, we feel that the largest profit does not vary over 5 per cent and from that down to nearer 3 or 4 per cent on the turnover.

What are the general economic conditions in our business? The wages are reasonably good, possibly not good enough; but they are constantly increasing, and we believe increasing with the increased cost of living. The wages during the past 10 years have increased from 20 to 22 per cent. According to Bradstreet's index of commodities they have increased something about 18 per cent, I believe, and the wages of the industry as a whole have increased about 20 per cent, so that we have actually increased greater than the average.

Mr. PALMER. Mr. McElwain, before you get any further on that I will ask you this: You say the profit on your business as a whole throughout the country is from 3 to 4 per cent on the annual turnover?

Mr. McELWAIN. Yes.

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Mr. PALMER. How does the turnover correspond to the amount of capital invested in this industry?

Mr. McELWAIN. Of course, it varies, depending upon what the capitalization is. There are so many ways of determining what capitalization is, and there is such a diversity in the ways of determining capital, that it is extremely difficult. You appreciate what I mean, do you not?

Mr. PALMER. I understand that you can not lay down any hard and fast rule.

Mr. McELWAIN. You can not lay down any hard and fast rule, but to answer your question—

Mr. PALMER. Do you believe that the shoe manufacturer will turn over four or five times the amount of his capital in a year?

Mr. McELWAIN. I hardly believe that that is a fact if the capitalization were correct. The capitalization in many factories is not correct. They do not capitalize the machinery, they do not capitalize expenditures, and it seems to me that they should actually be capitalized, and a man is justified in getting his return on capital invested in machinery and equipment just the same as you would be if you purchased a house out here. In many cases they ignore it. To answer your question directly, I think that roughly means that the capital, as a whole, gets a return varying from 10 to 11 per cent—as a whole—the total capitalization.

Mr. PALMER. I think it probably would be greater than that.

Mr. McELWAIN. That may be so, but that is my offhand guess.

Mr. PALMER. I do not mean to say that is extravagant. I am not criticizing it. I think 10 or 11 per cent is a very fair manufacturer's profit.

Mr. McELWAIN. You say it is a fair profit?

Mr. PALMER. I say it is a fair profit.

Mr. McELWAIN. It is not too much?

Mr. PALMER. No.

Mr. McELWAIN. I see. What are the conditions existing in our business as far as the factories themselves are concerned? I think they are as a whole in reasonably good condition. It is a good place to work in. The work is not overlaborious. The conditions in the factory are healthy and they are scientific. There are no occupational diseases to speak of, and the accidents have been reduced to a minimum. These are our general conditions. In other words, it is a good, reasonably healthy condition. It could be improved and will be improved, but it is reasonably healthy.

Now, in our opinion, you propose to change what seems to us to be like reasonably good economic conditions to rank economic conditions. We believe this because you propose to pit our workmen against the wage schedule existing in England, or other foreign countries, which represent 45 to 50 per cent of what the wage schedule is in this country, resulting in a cost per unit of production of 40 per cent less than what it is in this country. In addition to that, that ignores the question of the saving of overhead charges like executives, foremen, and salaried salesmen—60 per cent of what it is in this country.

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The CHAIRMAN. Have you in your brief here, not an estimate of the difference in wages, because I do not think that means anything—but have you an estimate in your brief here of the difference in the wage cost and the actual cost production per unit of value?

Mr. McELWAIN. Absolutely. We have endeavored to prove that mathematically, and I will tell you how we have endeavored to prove it. We have given figures in one column which are absolute, figures which we know are correct, because they are taken from books of manufacturers in this country. We have compared them with figures presented by the Government's special agent from the Department of Commerce and Labor. You may question as to whether or not his figures are accurate, but you can not question the accuracy of our own figures. On his figures it shows a saving of 40 per cent of labor. We have not taken that as a whole——

The CHAIRMAN. You mean 40 per cent of labor in unit of production?

Mr. McELWAIN. Forty per cent of labor in the unit of production in labor alone, ignoring other savings. I think we absolutely have proved it by those figures. The question is as to whether the source of the figures is correct. That is the only thing you can go back on.

I would say this, that in our business efficiency, economy, the limitation of waste, both as pertains to men and material, is constantly progressing, and I believe it is progressing even to a greater extent than in most other industries. I know that a few scientific managers have made that statement to me. What is the result? We believe that the workman in this country is getting greater value for his dollar than in almost any other article.

It seems to me that the ethical standard in this country is such that a manufacturer would be ashamed to make goods in this country under conditions such as are described. And it is quite positive that capital will not produce unless there is an incentive for it to produce, and it is going to lie dormant where it can not produce, or it is going to find a place where it will produce. You open up the way for American capital. In tearing down the duty on shoes you open the way for the investment of American capital in foreign countries. That seems to be the opinion.

There are some other handicaps to which I should like to call your attention. Possibly I can bring them out more forcibly by reading one sentence of our brief. This is in relation to the import articles to go into the manufacture of shoes. They vary from 4 to 60 per cent. We simply call this to your attention because we want you to take this into consideration before coming to a conclusion, because the same articles, it is my opinion, are free in England.

Mr. HULL. Do you make any recommendations here as to the removal or the reduction of the duties on these articles?

Mr. McELWAIN. We make no recommendations as to any changes.

Mr. HULL. Do you have any opinion as to whether a removal or reduction would be justifiable in any instances?

Mr. McELWAIN. I have not, because I do not know enough about it to express any intelligent opinion. On general principles, however, I should say that the same principles which govern our industry should govern the other industries. In other words, if it is the policy to pro-

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tect the economic conditions of this country in the shoe industry, the same policy should prevail in other industries. We are not advocating free trade on other articles.

Mr. HULL. You think, though, that each article should stand on its own merits, based on facts?

Mr. McELWAIN. Yes; they should stand on their own merits, based on facts.

Mr. HULL. That is what I had in mind, whether the opinion you have just expressed would apply to the Shoe Machinery Co., their machinery, as it would to any other articles which you use in your industry?

Mr. McELWAIN. I would say this: Personally I do not believe in protecting any industry that does not need protection. I mean that I do not believe in protecting monopolies. If you should ask me about machinery as a whole, I can not differentiate between one machine and another machine, because it is all in one class.

Mr. HULL. What would be the effect of reducing the 45 per cent duty on shoe machinery?

Mr. McELWAIN. The effect of removing the duty immediately?

Mr. HULL. Yes; or at any other time.

Mr. McELWAIN. To myself? I should say the immediate effect would be of no particular advantage because we could not purchase the machines if we wanted to.

Mr. HULL. How long do these patents continue which are now in existence?

Mr. McELWAIN. I am not cognizant enough to answer that question.

Mr. HULL. Some of them have expired, have they not? That is, as to some portions of the machines?

Mr. McELWAIN. I do not know.

Mr. HULL. You do not know?

Mr. McELWAIN. No.

Mr. HULL. At any rate the shoe machinery company retains a monopoly of the chief machinery used.

Mr. McELWAIN. Essential machines used in the bottoming of shoes.

Mr. HULL. And you do not know what would be the effect under those circumstances of the removal of the tariff entirely as to the price of shoe machinery?

Mr. McELWAIN. If the tying and restricting clauses were removed I should feel that it would have a tendency to reduce the cost of machines. That is an offhand guess.

Mr. HULL. This same machinery is not produced elsewhere, is it—or is it?

Mr. McELWAIN. Similar machines are produced elsewhere; yes, sir.

Mr. HULL. But our American manufacturers have never made any effort to use them?

Mr. McELWAIN. No; they have not.

Mr. HULL. Is that due to the existence of the tariff rates or not?

Mr. McELWAIN. I should feel that it was due partially to that and partially to the fact that the shoe machinery company is a monopoly, and it is impossible for a manufacturer to purchase machinery.

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Mr. HULL. Does the present Shoe Machinery Co. impose severe restrictions on the purchasers of the machinery, or any of the equipment or appliances for repairs, or for supplemental use, from time to time?

Mr. McELWAIN. I think it is impossible to answer that question, inasmuch as if you were doing business with one concern you do not know how efficient that concern is. The only way that you can tell whether or not they are efficient is by comparison, and inasmuch as we have no comparison to go by I can not answer that question definitely.

Mr. HULL. I should assume, then, that you are entirely satisfied with your business experience with the Shoe Machinery Co., if you have no adverse or other opinion to express.

Mr. McELWAIN. I should say that I personally do not believe in monopoly. I do not personally believe in the monopoly that is existing in shoe machinery, if that is what you mean. Relationship with them is another thing. Our relationship with that company has been satisfactory. As to whether it has cost more than it should, that is another question.

Mr. HULL. Four years ago several manufacturers had very well-defined opinions as to the merits of the tariff on hides. If we could have the benefit of the intricate knowledge of members of the manufacturers' and other associations, as to the tariffs on these numerous other items that go into the manufacture of shoes, it would give us considerable help in determining whether the duties should be reduced or removed.

Mr. McELWAIN. I know personally that we should be very glad to investigate that question if you would like to have us do so, and make a very careful report, but I do not think I can intelligently offhand answer that question. Of course, hides are entirely different from some of the other articles that go into shoes, because that is very specific and we know the value.

Mr. HULL. These tariff rates on all these supplies that go into the manufacture of shoes, from machinery down, increase in the price that you have to pay for these articles proportionately with the respective tariff rate, do they not?

Mr. McELWAIN. I think that is another difficult thing to answer. I think it is almost impossible to tell to what extent the import duty increases the price of the home product, without careful study.

Mr. HULL. It varies, does it not?

Mr. McELWAIN. It varies; yes, sir.

Mr. HULL. You do not undertake to set out here—

Mr. McELWAIN. We set out no contention. It is only comparison.

Mr. HULL. You merely call attention to the existence of these rates, but offer no opinion as to what should be done with them, or what they really signify with respect to the prices you have to pay for your products?

Mr. McELWAIN. The advantage in showing that to you is to show really what a small rate we are paying as compared with the other articles.

Mr. LONGWORTH. Let me ask you this: All this shoe machinery is on lease, is it not?

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Mr. McELWAIN. Not all of it. Some of it is leased. Most of it is leased.

Mr. LONGWORTH. What percentage of your total cost is that annual royalty?

Mr. McELWAIN. The percentage of the total cost of the shoes?

Mr. LONGWORTH. Yes.

Mr. McELWAIN. I should say that—take our shoes—our products would probably average about \$2 a pair, and I think that our royalty would figure from $4\frac{1}{2}$ to 5 cents; that is, it would be 2 to $2\frac{1}{2}$ per cent.

Mr. LONGWORTH. Only 2 to $2\frac{1}{2}$ per cent?

Mr. McELWAIN. Yes, sir.

Mr. LONGWORTH. Of your cost?

Mr. McELWAIN. Of our cost.

Mr. LONGWORTH. What percentage of your total cost is material?

Mr. McELWAIN. I should have to answer that rather offhand, Mr. Longworth.

Mr. LONGWORTH. I only wish rough figures.

Mr. McELWAIN. I should say the cost of material would represent about 60 per cent of the total.

Mr. LONGWORTH. What percentage, then, would you estimate your labor cost to be?

Mr. McELWAIN. The labor cost varies—the average probably would be 25 per cent. It varies from 21 to 28 per cent, depending upon the industry and the line of shoes made.

Mr. LONGWORTH. The only other charges that you make of your cost would be overhead charges?

Mr. McELWAIN. Overhead charges, yes. That leaves about 15 or 16 per cent.

Mr. LONGWORTH. Take the $2\frac{1}{2}$ per cent, the cost of maintaining these machines—is that about the same in England as here?

Mr. McELWAIN. My opinion is that with such concerns as are using the United Shoe Machinery Co.'s machines it is. Not all of the factories are using the machines from this company. What the cost is to the companies that are not using them, I do not know.

Mr. LONGWORTH. So that you are on about the same basis in relation to that as your English competitors?

Mr. McELWAIN. With the same machines?

Mr. LONGWORTH. With the same machines.

Mr. McELWAIN. Yes, sir. I could put an opinion there, that I believe the machines would probably be less if they were purchased outright. That is, machinery cost in such factories as are not using those machines may be less.

Mr. LONGWORTH. What I am trying to get at is whether or not you are at an advantage or a disadvantage in the various elements of cost with your competitors abroad.

Mr. McELWAIN. Yes.

Mr. LONGWORTH. The cost of maintaining machines, we will say, is substantially the same?

Mr. McELWAIN. As compared with a British factory using United Shoe machines, yes; as compared with one using independent machines we are at a disadvantage.

Mr. LONGWORTH. Is England at an advantage or disadvantage with relation to the cost of material?

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Mr. McELWAIN. I should say that, as a whole, she was at an advantage in the cost of material.

Mr. LONGWORTH. As to the overhead charges?

Mr. McELWAIN. She is at an advantage.

Mr. LONGWORTH. As to the labor cost?

Mr. McELWAIN. A decided advantage.

Mr. LONGWORTH. To what extent?

Mr. McELWAIN. Forty per cent of the labor cost.

Mr. LONGWORTH. You mean that England is at an advantage of 40 per cent?

Mr. McELWAIN. A saving of 40 per cent; yes—an advantage of 40 per cent—in the labor item alone.

Mr. LONGWORTH. Would you be willing to waive the advantage that England has with reference to rates of material and to overhead charges if you could pay the same rate of wages that they do there?

Mr. McELWAIN. In other words, to put us on a competitive condition in this country?

Mr. LONGWORTH. Yes, so far as the labor cost is concerned.

Mr. McELWAIN. So far as labor and other items, would we be willing?

Mr. LONGWORTH. Would you be willing to waive your disadvantage in material and overhead charges if you could reduce your labor cost to the same cost?

Mr. McELWAIN. Yes, sir.

Mr. LONGWORTH. In other words, this 15 per cent goes entirely to labor?

Mr. McELWAIN. Yes, sir; there is no question about it.

Mr. HILL. Are you allowed to use any other machinery than the American Shoe Machinery Co.'s machinery if you lease from them? Are there competing machines in the same factory?

Mr. McELWAIN. Not in the essential machines; no, sir.

Mr. HILL. Then this is not a trade monopoly; it is a patent monopoly, is it not?

Mr. McELWAIN. It is a patent monopoly plus a monopoly brought about by tying one group of machines to another group.

Mr. HILL. But these same patents obtain in all foreign countries, do they not?

Mr. McELWAIN. I do not know.

Mr. HILL. They must be, because in two or three years past the laws of European countries have provided that unless they are manufactured there their patents expire in a certain time. And they are being manufactured all over Europe, are they not?

Mr. McELWAIN. Yes, sir.

Mr. HILL. What advantage or disadvantage or what difference would it make if these machines were on the free list if they are controlled by a patent monopoly?

Mr. McELWAIN. I should feel that there are other machines that would probably take their place.

Mr. HILL. Then you do think that if shoe machinery as a whole was on the free list it would create a competing condition?

Mr. McELWAIN. Yes, sir.

Mr. HILL. And the patents would not operate to maintain a monopoly?

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Mr. McELWAIN. No, sir.

Mr. PETERS. Will you submit a list to the committee showing the articles which enter into the manufacture of shoes on which there is at the present time a tariff, and what those tariffs are?

Mr. McELWAIN. I will read that clause, if I may. I think it is very good. That is another handicap which I should like to elaborate upon. It is as follows:

The merchandise items in a shoe which make up the major part of the cost are sole leather, upper leather, cloth, hooks, eyelets, buttons, laces, thread, nails and tacks. Other merchandise items entering into the cost of this production are lumber for wooden cases, carton boards for cartons, tissue paper for packing, last blocks for lasts, dyes and chemicals for stains and finishes. Every item above, without exception, is itself subject to import duty, ranging in amount from 4 per cent to 60 per cent. A graphic chart of rates on these items appears in chart 4 hereafter. Such vitally important items as cut soles, calfskins, sheepskins, and goatskins pay a rate of 15 per cent; cotton lining pays $31\frac{1}{2}$ per cent; calfskins, japanned or patented, 25 per cent; carton boards, 35 per cent; hooks and eyelets, 45 per cent; cotton webbing, 60 per cent; linen thread, 38 per cent; and buttons, $57\frac{1}{2}$ per cent.

A reduction of the present tariff on boots and shoes will place the American manufacturer in competition with the markets of the world in the sale of his products while not allowing him the advantages of the markets of the world in the purchase of his raw materials. It in effect offers a subsidy to competing foreign manufacturers who are able to purchase their merchandise at lower prices than American manufacturers of boots and shoes.

And there is one other thing which the gentleman called to my attention, and which is not represented here; that is, fabrics which are used largely in the tops of women's shoes. I do not know what the duty is on that, but it is quite a heavy duty.

Mr. PALMER. Mr. McElwain, coming back a moment to what Mr. Hill directed your attention to, is not the United Shoe Machinery Co. something more than a patent monopoly?

Mr. McELWAIN. I said it was a patent monopoly plus a monopoly created by tying clauses; that is, tying one group of machines to another group of machines.

Mr. PALMER. Is it not also a monopoly created by the purchase of competitors or possible competitors?

Mr. McELWAIN. I can not answer that question.

Mr. PALMER. Is it not true that some time ago the shoe manufacturers of New England endeavored to release themselves from the bonds of this monopoly by the purchase of an invention which somebody—I have forgotten who it was—had made of a machine which would compete with the United Shoe Machinery Co.'s machines?

Mr. McELWAIN. Plant's—

Mr. PALMER. Is not that true?

Mr. McELWAIN. Just ask that question once more, please. I did not get it.

Mr. PALMER. I say, is it not true that the shoe manufacturers of New England tried to release themselves from the bondage of this monopoly by the purchase of another patent, with the intention of going into the manufacture of shoe machines that would compete with the United Shoe Machinery Co.'s machines?

Mr. McELWAIN. I do not think that was in the minds of the manufacturers. It was in the mind of Mr. Plant to develop an independent line of machinery to sell in the market. It was not the manufacturers; it was Mr. Plant himself, personally.

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Mr. PALMER. Did not a group of shoe manufacturers take up the matter, and were they not about to purchase this patent and go in on the business of making this machinery when they suddenly found themselves overbid by the United Shoe Machinery Co.?

Mr. McELWAIN. It is a fact that there were a group of manufacturers that were figuring on this line of machinery.

Mr. PALMER. Yes.

Mr. McELWAIN. And to what extent they were sincere I do not know, but, at any rate, the machines were not purchased by this group of manufacturers.

Mr. PALMER. While the negotiations were going on for the purchase by the shoe manufacturers the United Shoe Machinery Co. bought out this patent, did it not?

Mr. McELWAIN. That is as I understand it.

Mr. PALMER. So that if the shoe manufacturers of the country, or some of them, were about to put this new patented article on the market, and the United Shoe Machinery Co. overbid them and bought them out, the United Shoe Machinery Co. is a monopoly gained by the suppression of competition as well as by the use of its patents, is it not?

Mr. McELWAIN. Yes, sir. Inasmuch as the patent situation, and the Plant machines were never tested, it would be difficult to determine.

Mr. PALMER. Oh, of course. However, the United Shoe Machinery Co. thought enough of it to buy it and give a good deal of money for it?

Mr. McELWAIN. Yes; they did.

Mr. PALMER. And if it had been all that was claimed for it, and the shoe manufacturers of the country had bought it and put it on the market successfully it would have been a real competitor to the United Shoe Machinery Co.?

Mr. McELWAIN. I believe so.

Mr. PALMER. And would have resulted in great benefits to the shoe manufacturers of the country, in all probability, would it not?

Mr. McELWAIN. I believe so.

Mr. PALMER. Were you one of those manufacturers?

Mr. McELWAIN. I was not.

Mr. PALMER. You are actively engaged in the manufacture of shoes?

Mr. McELWAIN. I am.

Mr. PALMER. Where is your plant, Mr. McElwain?

Mr. McELWAIN. We have numerous plants. Shall I specify them all?

Mr. PALMER. You are a very large manufacturer?

Mr. McELWAIN. Yes, quite.

Mr. PALMER. What is your total output?

Mr. McELWAIN. In pairs or dollars and cents?

Mr. PALMER. In dollars and cents. We can understand it better in dollars and cents.

Mr. McELWAIN. \$20,000,000.

Mr. PALMER. Do you export shoes?

Mr. McELWAIN. Comparatively little.

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Mr. PALMER. Where do you send such as you do export?

Mr. McELWAIN. Largely, I should say, to the countries lying south of us, to the Bermudas, the West Indies, and Mexico.

Mr. PALMER. To how many countries do you send them?

Mr. McELWAIN. I can not tell exactly. We have not gone into the export business to develop it to any great extent. By the way, we propose to.

Mr. PALMER. One of the witnesses this morning said that the shoe manufacturers of this country, while they exported to the extent of \$16,000,000 or \$18,000,000 a year, they did not export to what you might call competing countries. Is that the fact?

Mr. McELWAIN. I have a heading on that. It is.

Mr. PALMER. That is the thing we want to hear about more than anything else.

Mr. McELWAIN. All right; I shall be very glad to dwell on it.

Mr. PALMER. In that connection, I saw recently in a popular magazine an advertisement of the Walkover shoe. I suspect you know that shoe?

Mr. McELWAIN. Yes, sir.

Mr. PALMER. It opened with this significant statement:

In 87 countries the Walkover shoe sets the style for shoes.

Mr. McELWAIN. I think that is correct.

Mr. PALMER. Are there other American shoes which go to as many as 87 countries?

Mr. McELWAIN. Probably not.

Mr. PALMER. Then so far as the Walkover shoe is concerned, at least, it can not be true that it does not go into competing countries, can it?

Mr. McELWAIN. No.

Mr. PALMER. So that that shoe is exported into the competing countries?

Mr. McELWAIN. Yes, sir.

Mr. PALMER. And in very large quantities?

Mr. McELWAIN. Yes.

Mr. PALMER. And sold abroad for less money than it is here?

Mr. McELWAIN. Absolutely no.

Mr. PALMER. Absolutely not?

Mr. McELWAIN. Absolutely not.

Mr. PALMER. Sold for more money? That is, the traffic charges in addition?

Mr. McELWAIN. I do not know. I should presume it would have to be added. I do not know.

Mr. PALMER. The thing we are interested in more than anything else, Mr. McElwain, and which this committee is very anxious to hear you about, I am sure, is why it is that with this duty of 10 per cent and 15 per cent, absolutely prohibitive against all foreign makers, with your statement about the cheaper cost of production abroad, you are able to export practically the equivalent of your own entire production (and you say you are a large producer) to 87 countries of the world and sell the American shoe at the very door of the foreign manufacturer. That is what we want to hear about.

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Mr. McELWAIN. All right. The fact that our exports are increasing, in my opinion, is absolutely no criterion whatever that we can beat the world.

Mr. PALMER. It is evidence, however, that you do beat the world, is it not?

Mr. McELWAIN. Not necessarily. You can sell a gold brick in any country. It is not the intrinsic value of the gold brick, but it is the salesman that does the trick.

Mr. PALMER. The American shoe manufacturer does not mean to say to us that is selling a gold brick in 87 countries of the world, does he?

Mr. McELWAIN. He is, so far as the intrinsic value goes, because the Englishman, the Frenchman, and the German can absolutely produce shoes at less cost than they can be produced in this country. He wins out perhaps as a merchant. He wins out on account of other things.

Mr. PALMER. What you mean by that, then; is just what the Walkover people say, that in 87 countries the Walkover shoe set the style for shoes. You mean to say that the style of the American shoe rather than its inherent qualities, is what sells it abroad?

Mr. McELWAIN. It is what sells it abroad. And, beyond that, the merchandising ability of the men in this country, in this industry.

Mr. PALMER. Does not the style of the shoe enter into the intrinsic value of the shoe?

Mr. McELWAIN. Not into the intrinsic value of the shoe, but into the selling qualities of the shoe.

Mr. PALMER. It makes the shoe more valuable, certainly, to have it of a good style?

Mr. McELWAIN. Yes; it makes it more valuable.

Mr. PALMER. If it were not so, you would not make what we call a stylish shoe? You wish to appeal to men and women who like to see pretty things? Is not that so?

Mr. McELWAIN. That is right.

Mr. PALMER. What is the reason that that condition can not continue in the future? The exports have increased annually almost by leaps and bounds, certainly by millions of dollars, because of the fact that the American shoe is better than the foreign shoe. Why is not that going to continue?

Mr. McELWAIN. I should like to just make this statement, that our export business is only $3\frac{1}{2}$ per cent, anyway, of the total business.

Mr. PALMER. It is as much as the entire production of your mill?

Mr. McELWAIN. Three and one-half per cent. It does not mean that our salesmen in the various countries, no matter if there is a handicap from the standpoint of cost, are not going to do business. They are going to do business. The export business of the United Kingdom amounts to 20 per cent of their total volume. In our country it only amounts to $3\frac{1}{2}$ per cent. And it is an absolute fact that we are decreasing in our exports to Great Britain. Since 1903 we have decreased 24 per cent in our exports to England. Our exports as a whole have increased to the countries south of us, to Cuba, the West Indies, and Mexico. In 1902, as a guess, in the West Indies and the Bermudas we were doing a business of \$300,000, and I will wager that to-day we are doing a business of \$4,000,000.

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Mr. PALMER. What you mean to say in saying that the total exports are only $3\frac{1}{2}$ per cent of the total production, is that it is a comparatively negligible proportion?

Mr. McELWAIN. Yes.

Mr. PALMER. And does not seriously interfere with the foreign domestic producers' market.

Mr. McELWAIN. No, sir.

Mr. PALMER. Why is it that imports of \$300,000 to \$400,000 you look upon as a menace to your market here? In other words, suppose we should reduce this rate so that you would have imports to the extent of \$16,000,000, would that seriously interfere with the American market?

Mr. McELWAIN. It seems to me the question is, What are we driving at? Are we really trying to benefit the consumer? If we are trying to benefit the consumer, we must create the conditions in this country which will give the consumer some benefit, and how can you do it? You can do it in two ways, by increasing the exports to the extent that the field will be national in this country, force the way down either in our profits or in our wages, in our general economic condition. To increase it the other way is to deliberately take our stand and say we will cut down our expenses in this country to an extent equal to the same existing in England, and manufacture shoes on the same basis, and then you will give the consumer a benefit.

Mr. PALMER. You have demonstrated that you will not have to do that. If the style of the American shoe sells it abroad to the extent of making your export trade \$16,000,000 to \$18,000,000, the American people want that style of shoe, too. You do not have any opinion that if we put shoes on the free list the American people will stop buying American shoes, do you?

Mr. McELWAIN. I feel this, that you would open up the field for the English manufacturer to study the conditions here and make himself efficient on the distribution. If he did not, he is missing a great opportunity. On the other hand, you would give an opportunity to the American manufacturer to go abroad and manufacture shoes under conditions which you would be ashamed to manufacture them in this country.

Mr. PALMER. Why would you send them abroad?

Mr. McELWAIN. Why send them abroad?

Mr. PALMER. Yes.

Mr. McELWAIN. In order to get the benefit of the low wages, the low cost per unit, and the low material market.

Mr. PALMER. Have American manufacturers gone abroad in any numbers in recent years to manufacture shoes?

Mr. McELWAIN. No.

Mr. PALMER. They have not done it yet?

Mr. McELWAIN. No.

Mr. PALMER. Yet these conditions have been obtaining since you have been in the shoe business, I suspect?

Mr. McELWAIN. Hardly; but the 10 per cent duty is what you might call a competitive duty. It puts us on the same plane with them. We do not ask for any more protection than to be put on the same plane. We are willing to cope with them as merchants. We

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are willing to cope with them in methods, in giving service. We have confidence in ourselves as merchants that we can outdo them in that respect and win out over them, but we do not think it is fair to subsidize them.

Mr. PALMER. We do not see that 10 per cent is a competitive duty when it prohibits foreign competition with the American manufacturer. The American shoe manufacturer to-day has an absolute monopoly of the American market, has he not?

Mr. McELWAIN. Yes, sir.

Mr. PALMER. If that is due in any sense to the tariff rate, which you believe it is, or else you would not be here advocating its retention, then the duty is a prohibitive rate, because it stops foreign competition. You asked a moment ago what we are trying to do, whether to get the price lower to the consumer. What we propose to do, if we can, is to write a rate in this law—and I am speaking of other items than this—which will not only continue the present domestic competition, but somewhat stimulate imports, so as to give you foreign competition, not to the extent of seriously interfering with the amount of your production, but sufficiently to compel you to meet that foreign competition by a small reduction in your prices, a reduction which you can probably take out of the returns which you now get upon your capital, and leave your production where it is, so that labor will not be affected by it.

Mr. McELWAIN. I do not believe you would accomplish the result.

Mr. PALMER. You would agree with me this far, that if the American production remains the same the demand for labor would continue the same?

Mr. McELWAIN. Yes.

Mr. PALMER. And if the demand for labor continues the same in your industry as in all others, the wages of labor would not be lower? You agree with that, do you not?

Mr. McELWAIN. No; I do not.

Mr. PALMER. Do you not think that labor like any other commodity—

Mr. McELWAIN. Because the population is bound to increase, and you have got to take care of the increased population in the industry. If the population did not increase I would agree with you.

Mr. PALMER. You mean to say that the price of labor in the shoe industry is not dependent upon the demand for it?

Mr. McELWAIN. Yes, sir; I should think that.

Mr. PALMER. That it is not?

Mr. McELWAIN. I say it is.

Mr. PALMER. If the demand continues the same as it is now the price of labor will not go down, will it?

Mr. McELWAIN. With the same population, yes, I agree with you.

Mr. PALMER. The same demand? That would cover that.

Mr. McELWAIN. The same demands, yes.

Mr. PALMER. If the imports are increased only to about enough to take care of what you yourself call the increase in population, that is, the increased demand in the country, your production will continue about the same?

Mr. McELWAIN. About the same. It would affect labor, though—it would affect it to some extent.

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Mr. PALMER. If your production continues the same, it will not affect labor.

Mr. McELWAIN. If the population increases, the supply of labor will increase to the extent of the increased population, will it not, and therefore you have got to give them the same amount of work to do as you have in the past? If you take away that work, I should think it would throw the men out of employment or decrease the number of men in that industry.

Mr. PALMER. Will not that increase in labor also absorb some of this foreign import that would be induced by a lower rate, or by putting shoes on the free list?

Mr. McELWAIN. I will ask you to state that question again, please.

Mr. PALMER. The growing population would absorb the additional labor, would it not?

Mr. McELWAIN. Yes.

Mr. PALMER. By leaving your production where it is now?

Mr. McELWAIN. Yes.

Mr. PALMER. I do not think you have satisfactorily explained, certainly not to me, why it is you can sell these shoes all over the world, at the very door of the foreign shoe manufacturer.

Mr. LONGWORTH. Let me ask a question on that line. The reports show that our exports to England, or to the United Kingdom, amount to \$1,750,000.

Mr. McELWAIN. \$1,600,000.

Mr. LONGWORTH. I think it is one million seven hundred and some odd thousands dollars. How much of that do you suppose was bought by Englishmen?

Mr. McELWAIN. Englishmen, I should say—well, say 50 per cent.

Mr. LONGWORTH. In other words, do you think 50 per cent was bought by Americans there?

Mr. McELWAIN. Yes.

Mr. LONGWORTH. Do you think that would hold true also in Germany and France?

Mr. McELWAIN. I think that would hold true. I think that is one of the reasons—

Mr. LONGWORTH. In other words, a large part of your importation, the 50 per cent of the importation, is bought by Americans in England?

Mr. McELWAIN. Yes, sir; Americans living in foreign countries.

Mr. LONGWORTH. I desire to ask you another question on a different line. You spoke about shoe machinery. Suppose, for example, there was unlimited competition in shoe machinery in this country, how much do you think your cost of making a pair of shoes would be reduced thereby?

Mr. McELWAIN. I think that is almost too difficult a question to answer, Mr. Longworth.

Mr. LONGWORTH. You have said that the total cost of maintaining these present machines was $2\frac{1}{2}$ per cent of the cost of making a pair of shoes?

Mr. McELWAIN. Yes.

Mr. LONGWORTH. So that at best the difference would be—the percentage of cost would be very slight, would it not?

Mr. McELWAIN. Yes; call it 1 per cent.

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Mr. LONGWORTH. Call it 1 per cent?

Mr. McELWAIN. Yes.

Mr. LONGWORTH. You might possibly save 1 per cent, then, of the cost of making a pair of shoes if there was unlimited competition?

Mr. McELWAIN. Yes, sir. Pardon me, just let me think about that. [After a pause.] Yes, I think that is it. It might be more.

Mr. HARRISON. In answering some questions put to you by Mr. Palmer you endeavored to explain the American export trade by ascribing it to superior selling qualities, to superior cleverness in the distributive ability on the part of the Americans, and you especially thought that as to such portions of our export trade as goes to Mexico and Central America.

Mr. McELWAIN. Yes.

Mr. HARRISON. Which amounts to some \$5,000,000?

Mr. McELWAIN. Yes, the large bulk of the export trade.

Mr. HARRISON. I ask you if you have ever traveled in those countries?

Mr. McELWAIN. I have not.

Mr. HARRISON. Have you ever read the consular reports from Central and South America, which we receive here?

Mr. McELWAIN. I have at times; yes, sir.

Mr. HARRISON. Then you must be familiar with the fact that instead of displaying superior selling ability, American business men as a rule have not directed their attention to those lines of trade in those countries, and that we are, generally speaking, under a disability in sending goods to those countries, and there is something of a prejudice against American goods due largely to the fact that instead of superior ability American business men will not take the trouble to study the languages, find out the weights and measures, and ascertain the likes and dislikes of the people of those countries. So that what carries American boots and shoes into those countries is because we introduce a better product for lower prices than any other competing countries?

Mr. McELWAIN. I do not believe it, sir. I should like to cite a few facts. Our exports to many countries, in my opinion, have absolutely decreased, and they are decreasing, and will be decreased, and their strength to-day is due to the fact that they are largely distributing through stores which we control and own ourselves.

You take in Great Britain, in the United Kingdom, and we exported in 1903, \$2,300,000. In 1911 (I have not the 1912 figures) we exported \$1,694,000. Why that decrease? I think it is one of the strongest arguments that we have that we can not meet the existing conditions in England. Instead of being an argument in our favor it is absolutely an argument against.

Mr. PALMER. You do not desire this committee to keep a protective tariff upon your product, in order to keep the British market for you, do you?

Mr. McELWAIN. Not at all. As merchants we will fight it out ourselves. We do want protection for our general economic conditions in our wage system. I should like to read you a letter from Mr. George E. Keith, who is probably one of the largest manufacturers for the export trade in this country.

Mr. HAMMOND. He makes the Walkover shoe, does he not?

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Mr. McELWAIN. Yes. His letter reads:

GEORGE E. KEITH Co.,
Campellow, Mass., January 14, 1913.

NEW ENGLAND SHOE & LEATHER ASSOCIATION,
Boston, Mass.

GENTLEMEN: Before my departure for South America I wish to impress upon you the importance to the shoe trade in this country that the 10 per cent duty on leather shoes is absolutely necessary in order to protect this great industry. I firmly believe that the 10 per cent does not any more than cover the exact difference in cost of labor, and as we are on a par with the rest of the world in the purchase of our leather, we certainly must have some protection in order to maintain the high scale of wages now being paid in the shoe industry.

As you well know, in 1899 I opened the first exclusive American shoe store in the city of London. At that time I was forced to open a store, as I could not sell American shoes profitably to the English retailers. By taking heavy obligations in opening these stores I realized I was taking a great risk; and while I am running these stores because they have been established and I have long leases on my hands, yet I have not been able to maintain the volume of business the last few years that I did when I first opened the stores.

Further than this, in order to compete and satisfy the demands, I have been forced to buy more or less English goods, but if I wanted to run the stores to make all the money possible I should buy a larger quantity than I am now purchasing. I have been obliged to establish a small branch factory in the city of London, and I am employing men there to-day at wages which are only one-third of what I am paying in the city of Brockton. In other words, if the duty was taken off of shoes I certainly would open a factory in England and ship goods to the United States, because I could make good money by doing it. I am an American and wish to keep my business in this country, and would rather have less profit than to undertake manufacturing on the other side. However, if shoes were made free one of two things must happen—either the wages of the shoemakers of this country must be reduced 40 to 50 per cent, or else a large volume of shoes will be manufactured in England and brought to this country. The condition is such that this could be done profitably with the duties removed. I can not believe that such a condition is wanted in this country. The shoe industry was the only one that ever went to Washington and was willing to submit to a great reduction, and the 10 per cent was stated as being the lowest possible point by which to protect American labor.

I hope that the good judgment of Congress will see to it that this per cent is not again reduced.

Yours, very respectfully,

GEORGE E. KEITH,
President of George E. Keith Co.

The CHAIRMAN. Let me ask you a question. The class of shoes which are coming in now under this schedule is not a class of shoes which is made in this country at all. They are Japanese sandals and Turkish slippers, and things of that kind, are they not?

Mr. McELWAIN. I do not know whether or not I am correct, but the question came up this morning, and as I was going out of the building I thought that the shoes averaged, as I understand, in one class 80 cents per pair that came into this country, and another class 55 cents a pair.

Mr. PETERS. Thirty-three cents a pair.

Mr. McELWAIN. Pardon me—33 cents. I happen to know that the shoe wholesalers are importing a great many cheap carpet slippers into this country, and, strange to say, I know that the manufacturer of the largest amount of carpet slippers in this country failed a short time ago. Whether the two had any connection at all, I do not know.

The CHAIRMAN. They have nothing to do with the class of shoes which you and I are wearing to-day. They are not imported?

Mr. McELWAIN. No, sir.

The CHAIRMAN. Nothing imported?

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Mr. McELWAIN. Oh, no; pardon me; shoes such as we wear, a small volume are imported—a small quantity.

The CHAIRMAN. How much would you say?

Mr. McELWAIN. The imports, as a whole, as I understand it, are about \$225,000, which is a very small item.

Mr. PETERS. The imports under the 10 per cent duty in 1912 were 162,867 pairs, and under the 15 per cent 294,447 pairs.

In values they are \$131,728.38 under the 10 per cent duty, and under the 15 per cent \$98,624.60, making a total of \$230,361.98.

The CHAIRMAN. The total amount coming in, as shown by the report of the Secretary of the Treasury, and I assume that is correct, is only something over \$200,000. There is a comparatively small amount of those which are the shoes we wear, if any.

Mr. McELWAIN. According to the average cost, it must be. That was not my previous information.

The CHAIRMAN. So that you can practically start out with the conclusion that the present rate prohibits importation of the class of shoes we are talking about?

Mr. McELWAIN. Yes.

The CHAIRMAN. That is what I wish to come out. We agree to that, that they can not come in under the 10 per cent duty.

Mr. McELWAIN. They do not come in.

The CHAIRMAN. Do you think that the future may hold danger?

Mr. McELWAIN. They do not come in, but what the reason is I do not know.

The CHAIRMAN. They have been trying it for four years, and they do not come in?

Mr. McELWAIN. Yes.

The CHAIRMAN. We are not endeavoring to try this case on political lines. It makes no difference to us what a man's politics is, but we are governed by one political condition. The issue of whether we should have a protective tariff or whether we should have a revenue tariff, which we construe to be a reasonably competitive tariff, has been tried out before the American people and a verdict rendered. We are merely here to carry out that verdict. You agree that under present conditions there is no competition, and therefore the tariff is purely protective and can not be a revenue tariff, because unless something comes in at the customhouse there can be no revenue. You will agree to that?

Mr. McELWAIN. I agree.

The CHAIRMAN. Have you anything to say, Mr. McElwain, as to where we can put this tax between 10 per cent and nothing that will comply with the principles that we have to write on the statute books to make it a revenue tariff? I should like to have that, if you have a suggestion.

Mr. McELWAIN. I have not a suggestion. I firmly believe, however, Mr. Underwood, that the present tariff simply protects our economic conditions existing in this country, and I feel positive—of course, that is not the policy you are working on—but I believe it just pays us, and in that respect I think our condition is ideal. It is a model to go by.

The CHAIRMAN. Here is the condition. We agree that this tariff is a protective tariff to-day; that is, it produces no revenue. If that

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was the theory—and of course we ought not to play favorites. If we accidentally play favorites, it is not our fault; but if we intentionally play favorites as to one industry against another, it seems to me that we commit a grievous wrong. If we pursued your theory and actually balanced—what you say it does—balanced the cost so that it did not make undue profits, but it prevented any competition and any revenue to the Government from this source, if we applied it all along the line we would have to abandon the idea of obtaining the revenue from the customhouses on competitive products.

So that I think you can readily see we can not carry that to a conclusion, and there is no reason why this industry, the boot and shoe industry, should be given a privilege, no matter what the rate is, because whether the rate is 10 per cent or 70 per cent I do not think is a material thing. It is a question whether it produces a revenue to the Government. It is some proportion of the tax levied. If the law levies a tax, prevents importation—if nothing comes in the manufacturer gets all the benefit of the tax that is levied, and if some comes in the Government gets a share of it. I do not think you can insist that this committee should pursue a policy that would prevent importation entirely for the benefit of an industry and give it the entire benefit of no importations where other sister industries are bearing their share of the burden, and I do not think you could expect the committee to do that. If you have a suggestion to make where we can write a tariff that is equitable to you, and yet at the same time the Government may receive some revenue, we should be glad to have your suggestion. Of course no revenue would come if it were put on the free list, or had a duty of 1 per cent. I am really earnest with you. I should like to have you make a suggestion if you can make one.

Mr. McELWAIN. It would be very difficult for me to make a suggestion, Mr. Underwood.

Mr. FORDNEY. Mr. McElwain, before you answer that, let me ask you a question. At the present time you say there is no importation of that class of shoes, and yet the American people are getting from domestic-made shoes all the shoes they want at a reasonable price?

Mr. McELWAIN. Yes.

Mr. FORDNEY. Produced by American capital and American labor?

Mr. McELWAIN. Yes, sir.

Mr. FORDNEY. If, in order to get some revenue into the Treasury of the United States from this industry, a lower rate must be had, there will be no revenue to the Government unless there is importation?

Mr. McELWAIN. Yes.

Mr. FORDNEY. And every shoe that comes into this country, made by a foreign laborer, displaces a day's work for an American laboring man, does it not?

Mr. McELWAIN. Yes, sir.

Mr. FORDNEY. Therefore in order to aid the Government by getting some premium from this industry American labor in the shoe business in this country must suffer. There is no getting around it. Is not that right?

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Mr. McELWAIN. I absolutely believe in that point of view.

Mr. FORDNEY. All right; I am ready to leave it right there.

The CHAIRMAN. The only thing about that is that the question has been submitted to the final arbitrators, and it has been decided the other way.

Mr. FORDNEY. Before you say anything, Mr. McElwain, let me answer that question. The final arbiter has decided, but our Democratic friends have been put into power by receiving less than a million and a half of the votes in this country under a majority of all votes cast. By a peculiar condition they have been put into power, and according to their platform they are in duty bound to carry out their pledge, but a majority of the people of this country have not demanded lower rates of duty, because both other parties declared for protection, the Progressive Party and the Republican Party. Bear that in mind.

Mr. McELWAIN. You take the whole shoe industry and they are united. They may be wrong, but they are absolutely united on that point of view. And also the shoe workers. They do not represent the entire body of the shoe workers, but they are represented here, and that part which they do represent is absolutely in favor of the present retention of the duty, as they believe it protects their condition, and personally I think it does.

Mr. KITCHIN. One moment. You must remember that the party of Brother Fordney, who injected politics in your argument, received about 4,000,000 votes less than the party which is now in power, and you must take with some caution what he says.

Mr. McELWAIN. If you will follow my advice you will remain in power.

Mr. RAINEY. You must also remember in this connection that the Payne-Aldrich bill has been for some years the Republican measure, the measure for which Mr. Fordney stands to-day, and the so-called Progressive Party, headed by Mr. Roosevelt, denounced that bill a great deal more vigorously than we have ever denounced it. Therefore, the Progressive Party is just as much against that kind of tariff legislation as is the Democratic Party. It was on account of the tariff that the Progressive Party really split from the Republican Party.

Mr. FORDNEY. My friend, if the Progressive Party anywhere denounced the Payne-Aldrich bill, they reiterated every principle set forth in the Payne tariff bill in their platform by declaring for protection, adequate protection, and denounced every Democratic one that ever was in existence.

Mr. PALMER. And got licked out of their boots.

Mr. KITCHIN. Getting away from this political discussion, I want to ask you a question: Do you think by the removal of this duty of 10 per cent that the American shoe industry will be forced to cut the price of its shoes in this country?

Mr. McELWAIN. Ultimately, yes.

Mr. KITCHIN. How long a period before that word "ultimately" will apply?

Mr. McELWAIN. If you yourself should to-day start in the shoe manufacturing business, you would find before you got on your feet

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it would take a number of years—that is, a number of years to get the trade and to develop the business.

Mr. KITCHIN. But you will not let anybody start in the shoe industry if you can help it.

Mr. McELWAIN. Answering your question, I should say before we would feel any serious effects, before the wage earner felt it, before the manufacturer felt it, it would take two years. When that time comes I believe he would be so burdened with competition, based on such low wages, that he would be reluctant to consider an increase in his wages, and he would decrease them. Personally I think it is a rope around the neck of the English manufacturer to-day. I think he does not dare pull away, because he has the world to compete with; he has China with 10-cent labor; his life depends on export.

Mr. KITCHIN. You have not answered my question. Do you think you would have to cut, say within two years, or at what period, the price of shoes if this duty is removed?

Mr. McELWAIN. If the duty is removed entirely?

Mr. KITCHIN. Yes, sir.

Mr. McELWAIN. Would we have to cut the price of shoes and when?

Mr. KITCHIN. Yes.

Mr. McELWAIN. I should say that if that duty goes into effect June 1—I happen to be connected with a company that not only manufactures but distributes—I personally would give orders to purchase in England two lines of shoes that are very difficult to make in this country to-day even if it necessitated sending a manufacturer over there to remain in the factory.

Now, what is the result? The manufacturer who has been making those shoes will be eliminated. What will he do? If we actually purchase them, of course he will be eliminated. Will he come back and say, "I want that business; I have to have it; I have had it for years"? He probably would. He might take it out of his profits, but finally he would have to take it out of his wages, because he could not exist long and take it out of his profits.

Mr. KITCHIN. I believe I will ask you that question again. Do you believe if we remove this tariff on shoes that the American manufacturers will reduce the price on their shoes to the parties to whom they sell?

Mr. McELWAIN. Absolutely; you can not exist unless you meet competition. If they quote a shoe at \$1.40 and ours is \$1.45, we have to reduce it to \$1.40 to get the business.

Mr. KITCHIN. Will you be forced to reduce it 10 per cent, the amount of the tariff?

Mr. McELWAIN. It is impossible to say.

Mr. KITCHIN. What is your judgment?

Mr. McELWAIN. I think it would be extremely difficult to answer that question. There are so many things to be taken into consideration.

Mr. KITCHIN. So the people will get shoes, then, a little cheaper, you think, if this tariff is removed?

Mr. McELWAIN. If the tariff is entirely removed?

Mr. KITCHIN. Yes, sir.

Mr. McELWAIN. If our shoes were sold based on labor wages existing in England, based on overhead expenses existing in England,

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would the consumer get a reduction in his shoes in this country—yes. But what is it doing? It is tearing down the industry where the wages are a hundred million—

Mr. KITCHIN (interposing). I just wanted to know whether the consumer would be benefited, and you say he would. You are selling about \$2,000,000 worth to England, now, based upon this cheap labor in England and cheap overhead charges?

Mr. McELWAIN. But I say we are not winning out; we are losing.

Mr. KITCHIN. You increased your total exports from about 5,000,000 in 1901 up to 16,000,000 in 1912?

Mr. McELWAIN. Not to manufacturing countries; to nonmanufacturing countries lying south of us.

Mr. KITCHIN. To England, to Germany, to France, and to Canada. You say England and Germany and France try to ship, too?

Mr. McELWAIN. May I quote just a few figures?

Mr. KITCHIN. Yes, sir.

Mr. McELWAIN. We shipped in 1903 to England \$2,200,000; in 1911, \$1,694,000. That is proof we are not competing with the English manufacturer.

Mr. PALMER. How about Germany and France?

Mr. McELWAIN. To France, in the same year, 1903, we exported \$111,000, and we are now exporting \$445,000. That is due largely to the establishment of retail stores by concerns like—

Mr. PALMER. An increase of 400 per cent. How about Germany?

Mr. McELWAIN. May I quote England in the same case?

Mr. PALMER. We have heard England from every speaker.

Mr. McELWAIN. You have not heard of the exports of England. In the same year that our exports to France were \$111,000 England's were \$1,268,000.

Mr. KITCHIN. England exported, too?

Mr. McELWAIN. That England exported to France.

Mr. KITCHIN. We also increased about 300 per cent. We exported to France in 1911 \$111,000, and in 1912, \$501,000. So our increase in exports to France is a good deal larger than the increase of England's exports to France.

Mr. McELWAIN. No, it was not.

Mr. KITCHIN. I mean in per cent.

Mr. McELWAIN. No, it was not.

Mr. KITCHIN. We increased ours about five times.

Mr. McELWAIN. Yes; and they increased theirs ten times.

Mr. KITCHIN. You have the figures wrong there. In 1911 we exported to England \$1,493,000 and in 1912 we increased it to \$1,791,000, an increase of over \$300,000. Now, then, we increased ours to Germany in 1910, \$638,000 to \$920,000; and to other European nations from \$483,000 to \$1,351,000; and to Canada \$1,313,000 to \$2,457,000.

In other words, we have increased in the last two or three years our export trade in competition with England, Germany, and all other nations from about \$10,000,000 to \$16,000,000. So our total exports to these different countries have increased largely, and in competition with all these nations, with this cheap labor, and cheap overhead charges, of which you speak.

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Mr. McELWAIN. We have not won out in England, have we, by the figures, by our export business?

Mr. KITCHIN. I will show you how we won out. In our exports to England we increased from 1911 to 1912 about \$300,000. Then, according to the latest figures we have here, that I have seen, to Canada—and that is about as good an illustration as we can make—England in 1910 exported to Canada only \$167,000 worth of shoes. To get into Canada our shoes have to pay a third more tariff than England. That is, she only pays two-thirds of the tariff, while we pay the whole three-thirds, and under those conditions she exported in competition with us only \$167,000 worth of shoes, while we exported, paying this differential against us, \$1,400,000 to Canada.

If you shoe manufacturers can compete with England in Canada, with a 33½ tariff preferential against you, with all of her cheap labor, why can not you compete right here in your home market when there is no preferential tariff against you with England and every other country? That is what I want to understand.

Mr. McELWAIN. Of course you must consider there are two elements that enter in there, the question of intrinsic value. They can compete with us without any question whatever, not only from the facts presented but from my own personal observation, and the observation of Mr. Keith and others; there is no question about that point.

Mr. KITCHIN. You mean their quality is superior?

Mr. McELWAIN. Their intrinsic value is better. The consumer can get more for his money on account of the low wages and low overhead expense there than he can here.

Mr. KITCHIN. Why does not the consumer in Canada get more for his money, and why is he buying nearly 10 times as much from you people and paying a higher tariff, a 33½ per cent higher tariff, as from the English manufacturer?

Mr. McELWAIN. That is an entirely different phase of it. The demand for products goes in different channels, and you can not always tell the exact reason. We think we know what the reason is in Canada. We think it is due to the fact that the people are so near to this country they want American-made shoes, with American styles, notwithstanding the handicap they have to pay. And we have opened up numerous stores.

Mr. KITCHIN. You say Canada is nearer. Are not our home people still nearer to you than Canadians? Are not Americans here still nearer, and would not they prefer American styles just as much as Canadians would prefer them?

Mr. McELWAIN. You forget there is an opportunity for the English merchant to wake up.

Mr. KITCHIN. He has had a hundred years to wake up in Canada, and he has not waked up. But we waked up and ran him out of Canada with a preferential tariff rate against us. I believe you gentlemen have waked up while the other nations were asleep and you do not know it. [Laughter.] You export more shoes than any other nation in the world.

Mr. McELWAIN. I do not think we export more than England.

Mr. KITCHIN. Oh, yes.

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Mr. McELWAIN. Not in connection with England. England exports more than we do.

Mr. PALMER. You gave us France, now give us Germany.

Mr. McELWAIN. To Germany we increased our exports, according to our figures, to \$916,000 in 1911, and they were \$267,000 in 1903.

Mr. PALMER. To what country besides England did you decrease in your exports?

Mr. McELWAIN. Other than England, I should say there is none. If you look at our figures you will see that in 1903 we were \$2,200,000, and that we have decreased from that. Mr. Keith explains his position. I know from my own personal observation, if I were an English merchant, I would not buy a dollar's worth of American shoes, except to cater to Americans who might be in that country.

Mr. PALMER. Mr. Keith explained it by saying he has London stores.

Mr. McELWAIN. Yes; he has London stores.

Mr. PALMER. Has he any other stores all over the world?

Mr. McELWAIN. Yes.

Mr. PALMER. In the other 86 countries in which he sells shoes?

Mr. McELWAIN. No; probably not all. He has a great many. That is why he is making a success, and that is why he is getting the business for this country—by his method. It is not necessarily by the intrinsic value that he is doing it. He is a merchant; the same theory applies as to Mr. Hannan, the same as to Mr. Little, of the Sorosis Shoe Co., the same as to Mr. Rice, of Rice & Hutchins.

Mr. HULL. You say England exports more shoes than this country?

Mr. McELWAIN. From my figures here Great Britain was \$16,327,000 in 1911. Is that correct?

Mr. HULL. I have only the figures before me for 1909. That is over \$11,000,000.

Mr. McELWAIN. That is less than ours; they are 2,000 less than ours.

Mr. HARRISON. This shoe of Mr. Keith you are speaking of is the Walkover shoe, is it not?

Mr. McELWAIN. Yes, sir.

Mr. HARRISON. That is the one that is supplying the style for 87 countries of the world, according to its advertisements.

Mr. McELWAIN. Yes.

Mr. HARRISON. You say that Mr. Keith has a store or stores in London for the sale of his shoes over there?

Mr. McELWAIN. Yes.

Mr. HARRISON. Do you know at what price the Walkover shoe is sold in New York, for instance, in the shoe stores?

Mr. McELWAIN. They vary from \$4 to \$5.50 and \$6 a pair.

Mr. HARRISON. From \$4 to \$5.50 and \$6 a pair?

Mr. McELWAIN. Yes.

Mr. HARRISON. There are at least three grades of them, are there not?

Mr. McELWAIN. Yes; at least three grades, from \$4 to \$5.50 and \$6, in my opinion.

Mr. HARRISON. Do you know what price Mr. Keith sells the Walkover shoe for in London at his stores there?

Mr. McELWAIN. No.

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Mr. HARRISON. I have received a quotation from his catalogue, which says these Walkover shoes in London sell for 12 shillings, 14 shillings, and 16 shillings, which is \$3, \$3.50, and \$4.

So then, you see, the inhabitants of Great Britain have an opportunity to buy an American-made shoe over there a great deal cheaper than the American has to buy the same shoe in New York.

Mr. McELWAIN. Your conclusions are wrong.

Mr. HARRISON. I will be very glad to have them corrected.

Mr. McELWAIN. I will be very glad to give you all the information I have. Mr. Keith does not sell his shoes at one iota less abroad than he does in this country.

Mr. HARRISON. I thought you said you did not know at what price he sold them in London.

Mr. McELWAIN. I know as a general proposition what his policy is.

Mr. HARRISON. Why did not you answer my question when I asked you? Now, at what price does he sell them?

Mr. McELWAIN. I do not know exactly.

Mr. HARRISON. Then perhaps you will refrain from expressing an opinion as to something about which you do not know.

Mr. McELWAIN. I think that is a good thing to clear up, and I should like to present a written statement to you on that very thing, because it is a very common rumor. I might not have expressed myself as politely or cleverly as I should.

Mr. HARRISON. I did not mean any discourtesy.

Mr. McELWAIN. I did not mean to be discourteous, but that is a fact, and I know it.

Mr. LONGWORTH. Is that this year's catalogue?

Mr. HARRISON. Yes.

Mr. McELWAIN. I will see that is written to you.

Mr. HILL. I was traveling abroad a few years ago and went into a large shoe store in Belgrade, where I found an American shoe selling at \$5.50. I asked as to the price of the domestic shoe of the same quality, and they told me \$5.

Coming back to Cologne, and I want to ask you what the significance of this was as affecting your export and domestic trade, a very large shoe store had a sign out, "American shoes," and in the window were three shoes. One had over it a sign "American shoe, selling at \$5." Alongside of it was a shoe which had over it a card "American pattern, domestic manufacture, \$4.50." And alongside of that there was a German shoe, domestic manufacture, \$4.

What you fear is the middle of those grades, is it not?

Mr. McELWAIN. Yes, sir.

Mr. HILL. These foreign shoes made at foreign expense, on American patterns.

Mr. McELWAIN. Exactly, and your statement is probably correct that the shoes were sold at 50 cents a pair less under those conditions than they are in this country. I think we have to acknowledge that.

Mr. KITCHIN. Brother Hill, do they sell any of those American shoes over there in the same store where you can get other shoes of foreign make for 50 cents and a dollar cheaper, the very same shoe, the same quality? No merchant I ever saw that wanted to sell American shoes would advertise "Here is a German shoe for \$1

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less, or here is a French shoe for so much less," and so on. How many American shoes do you reckon he would sell under that kind of an advertisement? I think you dreamed that. [Laughter.]

Mr. McELWAIN. Mr. Chairman, if I may proceed, I would like to call your attention to the fact that there are no countries, as far as we know—we may be mistaken in this—that have no duties, no countries where the shoes are imported free, with the exception of England. I would like to know why it is that Germany has to have an import duty slightly in excess of our duty, and yet Germany seems to be the industrial envy of England.

Mr. PALMER. They give as a reason over there that you put the German labor against the high-priced skilled labor of America. That is what they base the tariff on. Over here you say you want it to protect you against the cheap unskilled labor of foreign countries—all in the name of labor.

Mr. McELWAIN. It is useless to call your attention to the fact that the duty was changed in 1909, and naturally we feel that if we had any obligation to the duty we have made good, and that duty is sufficient.

The CHAIRMAN. Speaking for myself, Mr. McElwain, and I think probably for the balance of this end of the committee I can say we feel like every rate ought to be made reasonably competitive, if possible. Do you not think there is some point between 10 per cent and nothing where you can find a competitive rate? We can not levy a rate that will purely protect your profits. You can not expect that of this country.

If you have any suggestions to make, bear in mind we will levy a rate below what it is now, a rate that both of us admit is noncompetitive and nonrevenue bearing. You can not expect us to rewrite a protective tariff, even if it was only a 2-cent tariff, and you agree that this tariff to-day is solely for the purpose of protection and for no other purpose. It brings no revenue to the Government.

That is the position of this committee. I congratulate you on making a very clean showing of your case. You have filed a splendid brief here, but you have gone up against the verdict of the American people, and we have to confine our action within those lines.

Mr. McELWAIN. I would say if you should reduce the duty, say 2 per cent, that really means our entire profit, after declaring 6 per cent on the capital invested. The question is, will that bring in shoes. I do not know what rate will bring in shoes. You reduce it 2, and I claim that you have wiped away our profit entirely.

Now, maybe it would lie dormant. If you want to force competition upon us, that is another thing. If you want to subsidize a man to go into business and force competition upon us, that can be done.

The CHAIRMAN. We do not want to force unreasonable competition. I would be glad if it could be done to take off the tariff entirely, and to have the American importer go in and beat the foreigner; but we can not levy a tax that is levied solely for protection, and you can not expect it of us. Unless you can show us that the tax we levy will bring some revenue to the Government, and under which, of course, there is some reasonable competition, you can not expect this end of the committee to write the tax.

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Mr. DIXON. You have given here a list of articles, of raw materials on which there is a duty, and which enter into the manufacture of your goods. What per cent of those goods, upon which there is now a duty, represents the finished product?

Mr. McELWAIN. I could not answer that, I am sorry to say. You say raw materials. They are manufactured articles.

Mr. DIXON. They enter into the manufacture of boots and shoes. You have given here a list.

Mr. McELWAIN. Of manufactured articles, not raw materials.

Mr. DIXON. Yes, but you use them in the manufacture of your shoes.

Mr. McELWAIN. Yes, we do. That duty, of course, may prevent our use of those articles. What it represents or what the saving would be if it were repealed I could not even estimate.

Mr. FORDNEY. Mr. McElwain, the chairman, a gentleman for whom I have the greatest regard, has made a clean-cut statement to you of what his party is expected to do. If they fix a rate, as he says they will, I will vote against it, and if their plan succeeds you must write me down as always being wrong. He says the country has rendered a verdict, but I say if rates are lowered and increase the imports so as to close the factories of this country that verdict will be reversed at a very early season.

The CHAIRMAN. I have never said anywhere that I would be in favor of a tariff rate that would cause American factories to close.

Mr. FORDNEY. I did not say you did.

The CHAIRMAN. It is my hope that will never occur.

Mr. FORDNEY. I know that.

The CHAIRMAN. Reasonable competition is all we expect.

Mr. FORDNEY. I believe the principle of your party of reducing the tariff to a point where it will increase importation will do—as it did in the case of the Wilson bill—close American institutions. That is my candid belief down in the bottom of my heart. And if you do just what you say you are obligated to do under the provisions of your platform, I believe we will have a repetition of that thing—maybe not to the extreme that we had it then. And if we do, this court that rendered its decision last fall will reverse itself.

Mr. McELWAIN. May I read a letter that was presented bearing on Mr. Harrison's suggestion? I have not before read this letter.

On October 21 there was published by the Democratic National Committee a list of American manufactured articles that they claimed were sold in London cheaper than in New York. Among these were men's black and tan Walk-over shoes. They published the statement that a pair of black Walk-over shoes were purchased in London for \$2.56, whereas they claimed to have paid \$4 for the same shoe in the United States. They also claimed to have purchased a pair of tan Walk-over shoes for \$4.05 in London, which they had to pay \$5 for in New York. On October 25 I had published in the New York Times and some of the other New York papers the following letter, a copy of same being sent to the Democratic National Committee:

"GENTLEMEN: The Democratic National Committee has had published in some of the leading daily papers a list of standard American articles which they claim are retailed cheaper in London than in New York. Among the several articles mentioned are men's black Walk-over shoes, which they claim are sold in London at \$2.56 and in New York for \$4, and tan Walk-over shoes, which they claim are sold in London at \$4.04 and \$5 in New York City.

"In 1899 I opened the first exclusive Walkover shoe store in the City of London. The price of the cheapest grade of Walkover shoes, both in black and tan, at the opening of the store, was 16s. 6d., which is \$4.04. Walkover shoes have never been

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sold at less than that price in the several London shops which I now control, and the same shoe is sold in every city in the United States for an even \$4. Further than that, we sell a great many shoes at a guinea, which is \$5, and the same shoe can be purchased in any Walkover store in this country for an even \$5.

"I think the public should know the real facts and I can truthfully state that in no country in the world, and I am shipping goods into 84 different countries, do the retailers sell shoes on so small a margin as in the United States.

"Very truly, yours,

"GEO. E. KEITH, *President.*"

After this letter was published the chairman of the exhibit committee of the Democratic national committee, Mr. Abraham I. Elkus, published a letter in the New York papers, claiming that regardless of my statement the shoes had been purchased at that price in the Walkover stores in London. I then instructed my New York representative, Mr. E. L. Seaman, to investigate the matter, and his signed statement is as follows—

That is along the same lines, simply denying the statement that has been made as to difference in prices.

Mr. HARRISON. The quotations I gave you came from their current catalogue and were 12 shillings, 14 shillings, and 16 shillings a pair.

Mr. HILL. I understand that was a letter to the Democratic national committee?

Mr. McELWAIN. Yes, sir; I was reading from a copy.

Mr. HILL. Did they correct their statements after they received that letter?

Mr. McELWAIN. I should judge not.

Mr. LONGWORTH. If, as the chairman has indicated, and as this committee has already done, and a Democratic House has already done, shoes are put on the free list, and if you are right in thinking that that will close a very large proportion of American factories, do you think that in the long run the ultimate consumer would benefit by getting shoes any cheaper?

Mr. McELWAIN. Absolutely not.

Mr. LONGWORTH. Why not?

Mr. McELWAIN. The ultimate consumer as a whole will be benefited, if you apply it to the shoe industry alone. Do you see what I am driving at? If you are willing to tear down the shoe industry for the benefit of the public as a whole, and if it can be proven that is of benefit, the consumer is getting a benefit. But I believe if you apply it in one case you apply it in another case, and you will tear down the industry, and as a result the consumer will not be benefited; he will not get the wages he is now getting. Take in England, the wage earner, even with cheap wages, is able to get two pairs of shoes a year, and in this country, notwithstanding high wages, the per capita of shoes is about three pairs.

Mr. LONGWORTH. I do not think you understood my question. Suppose the American industry is practically destroyed and that England can ship goods into the American market. Of course the only way that England could do it would be by underselling, selling at a less amount than the difference in the cost of production.

Mr. McELWAIN. Yes.

Mr. LONGWORTH. Suppose they did that for a year, and after a year, we will say, no longer had any American competition. Do you think that would keep the price down to that level, or would they charge what the traffic would bear?

PARAGRAPH 451—BOOTS AND SHOES.

Mr. McELWAIN. It is natural to suppose they would charge what the traffic would bear; that is the merchants' point of view. The competitive point of view, though, forces it down to a legitimate margin of profit.

Mr. LONGWORTH. Under those circumstances, then, they would get rid of local competition?

Mr. McELWAIN. Yes.

Mr. LONGWORTH. Under those circumstances would the consumer benefit?

Mr. McELWAIN. No.

The CHAIRMAN. Let me ask you this question right there. Are you willing to state as a witness in this case that if we put shoes on the free list it is going to wipe out American competition on foreign shoes? Are you willing to say that, in your belief, if we put shoes on the free list that in a reasonable time, say within five years, it will wipe out American competition?

Mr. McELWAIN. No.

The CHAIRMAN. I thought you would not.

Mr. McELWAIN. Pardon me; I would say I believe the country would be adjusted on a different economic basis, and so that we could meet competition. We would be forced to meet it, because our help would be forced to be employed, and if they were out of employment they would come back into reemployment at about half they are earning to-day. That would be my explanation of that. I think this country can readjust itself to probably any condition that confronts it.

The CHAIRMAN. I think you said your turn-over in your capital was 10 per cent.

Mr. McELWAIN. Yes; as a whole.

The CHAIRMAN. I am not complaining about that, because I think 10 per cent is not unreasonable for a large manufacturing concern. With a 10 per cent reduction you could experiment with the profit on your turnover before you would ever have to touch your labor?

Mr. McELWAIN. That would probably be the first thing.

The CHAIRMAN. Ten per cent of the foreign value of a shoe is not as much as 10 per cent of your production, according to your statement. Therefore you would never, in making this experiment, have to invade anything of the profits of your turnover until it was demonstrated this was too competitive a rate.

If I happened to be continued as chairman of the Ways and Means Committee, and after we put you on the free list it showed it produced undue competition by doing that, I would not hesitate, so far as my vote was concerned, to put a tariff back on it, because I believe the American manufacturer ought only to be subjected to reasonable competition; and if we give him too much competition, it ought to be checked up. If he has not enough competition, or if he has not any, as in your case, I think the Government is entitled to some revenue.

Mr. LONGWORTH. The readjustment you suggest is the readjustment of wages?

Mr. McELWAIN. It is the readjustment of wages ultimately. Profit or capital first; then wages second.

PARAGRAPH 451—BOOTS AND SHOES.

Mr. FORDNEY. Is it not true that one-half of the shoe factories in this country to-day can be purchased at 100 cents on a dollar of the actual cash put into them, right now?

Mr. McELWAIN. I think they could.

Mr. FORDNEY. So that the gentleman from North Carolina who spoke about being interested in the manufacture of shoes can buy all the shoe factories he wants?

Mr. McELWAIN. Yes.

Mr. FORDNEY. At a hundred cents on a dollar of the actual money invested in the factories?

Mr. McELWAIN. Many of them for considerably less.

Mr. KITCHIN. If I am going to get a bargain, can I not get it a little cheaper than a hundred cents on the dollar?

Mr. McELWAIN. Yes; and I think you will get them, too.

Mr. KITCHIN. So that as to all this prosperity argument that my friend has been making here for the last two weeks in connection with the Payne Act and the Dingley Act does not apply to the shoe manufacturer, and you have not been prosperous under them, have you—if I can buy your concerns for less than a hundred cents on the dollar?

Mr. FORDNEY. I will bet a dollar that in a trade he would clean the other fellow if he got a chance, and yet he criticizes you for doing it. [Laughter.]

Mr. McELWAIN. I do not care to answer that question.

The CHAIRMAN. That is all.

SUPPLEMENTARY STATEMENT IN SUPPORT OF THE RETENTION OF THE PRESENT IMPORT DUTY ON BOOTS AND SHOES, BY THE NATIONAL ASSOCIATION OF SHOE MANUFACTURERS.

FEBRUARY 24, 1913.

HON. OSCAR W. UNDERWOOD, M. C.,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: On behalf of the National Association of Shoe Manufacturers, the National Shoe Wholesalers' Association, the New England Shoe & Leather Association, and the National Shoe Retailers' Association, we hand you this statement supplementary to our brief in support of the present import duty on boots and shoes, provided for by Schedule N, sections 450 and 451. Its purpose is to make more clear one or two points that were referred to in the hearing before your committee, January 29, 1913, or that have since attained prominence.

I. The fact that shoes of American manufacture are sold abroad is not a valid argument against the retention of the present import duty, because—

(a) The quantity of shoes exported from this country is so small as to be negligible. The following summary indicates the small extent to which American shoes are exported to all countries and to competitive countries, i. e., to countries which are themselves manufacturing shoes to an appreciable extent.

Annual output of boots and shoes in the United States.....	\$442, 600, 000
Annual exports of boots and shoes from the United States (year ending June 30, 1912).....	16, 009, 000
Exports of boots and shoes during the same period to competitive countries (England, France, and Germany).....	2 3, 214, 000
Exports of boots and shoes during the same period to noncompetitive countries (largely South and Central American).....	2 12, 795, 000

It is apparent that to competitive countries we export only 0.7 of 1 per cent of our entire production. Our sales in these countries are largely of shoes of a high grade,

1 3.6 per cent of the output. 2 0.7 of 1 per cent of the output. 2 2.9 per cent of the output.

PARAGRAPH 451—BOOTS AND SHOES.

and American manufacturers testify to the fact that our sales abroad of shoes of lower grades and at lower prices are falling off as European competition grows keener, and more extensive.

Our exports are kept at a point near their present level largely by reason of the increase in our trade with Central and South America. At those points our proximity and knowledge of trade conditions place us at an advantage over European manufacturers.

(b) American manufacturers are not able to sell and are not selling in foreign countries at a lower price than they ask for shoes of the same quality and grade in this country. The only shoe regarding which a question was raised at the hearing before the committee was the "Walkover" shoe, manufactured by George E. Keith Co., of Compello, Mass. In a letter which is attached to this statement as Exhibit A, an officer of that company states that his company does not sell shoes abroad at prices as low as they are sold in this country. Like statements can be procured from all American manufacturers who engage in the export trade.

(c) The explanation of the fact that American shoes can be sold abroad in the quantities quoted, at prices in excess or equal to those prevailing here is, we believe, found in the following:

(1) To some extent, at least, these shoes are sold to Americans touring or living abroad who are able to pay good prices for their shoes, and who prefer, for reasons of style, comfort, or habit to wear American shoes.

(2) There are consumers abroad, as in this country, who prefer a shoe manufactured in a country other than their own rather than a shoe of domestic manufacture in order that they may be said to wear an imported shoe.

(3) Of the shoes imported by us into Great Britain, Germany, and France, 70.4 per cent are sold by stores controlled by American manufacturers. The sole object and aim of these stores is the sale of the American shoe. When foreign retailers have the option between the American and the foreign shoe they ordinarily select the latter. A similar result might be expected in this country if the American retailer could realize a larger profit from the handling of a foreign product.

(4) Some time ago it was recognized abroad that American shoes were superior in style and workmanship to shoes of European manufacture. For this reason the trade in foreign countries which was able to pay for a high-grade shoe and which was discriminating in its tastes has purchased the American product. Yet the number of such discriminating purchasers has not been sufficient to induce foreign manufacturers to adopt to their full extent American styles and methods. A public purchasing shoes valued at \$16,009,000 and scattered over the entire world has not been a sufficient attraction, particularly in view of varying trade conditions and tariffs. If, however, the American market is opened to foreign manufacturers, a market for shoes valued in excess of \$400,000,000, foreign manufacturers, more than ever before, will study conditions here and will have every possible incentive to secure American styles, patterns, supervision, and methods.

(5) Particularly in cheaper grades of shoes, which are purchased principally upon the basis of price and wearing qualities, the foreign manufacturer, with a labor cost admittedly 40 to 50 per cent of ours and using as good materials, will be at an advantage, such as he possesses abroad, where already competition with him in those lines is practically impossible.

(d) In Canada, American shoes have sold heretofore, not only for the reasons pointed out in connection with our European business, but also because of the following facts:

(1) Canada is settled to a considerable extent by Americans, whose preference for the styles and the comfort of the American product leads them to prefer it as compared with the English shoe.

(2) On account of our proximity to Canada we are able to send salesmen there who can study its market and meet shifting and varying conditions.

(3) On account of our proximity, also, wholesalers in the United States are able to ship shoes into Canada quickly and without delays, and to maintain and replenish the stock of Canadian retailers and jobbers in a manner impossible to English manufacturers.

(4) If the duty upon shoes imported into this country were removed, our wholesalers would retain most of these advantages in the Canadian trade, but would exploit and sell in Canada, as well as in this country, the shoe they could handle with the most profit, without doubt the shoe of foreign manufacture.

II. The reduction of the existing import duty will only benefit the consumer, if it does at all, at the expense of the shoe worker in this country or of the small manufacturer.

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(a) Undisputed testimony has been given before the committee to the effect that the manufacturer of shoes in this country secures a profit not exceeding 4 per cent upon his entire turnover. According to the latest United States census, the average retail selling price of shoes in this country is \$1.55. The profit to the manufacturer, therefore, upon such an average shoe is less than 6 cents. This, therefore, would be the extent of the saving to the consumer, if foreign competition were to take from the manufacturer his entire profit and give it to the consumer.

(b) If foreign shoes are to compete with shoes of American manufacture, and if revenue is to accrue to the Government from their importation, they must be sold in this country and must displace to some extent at least shoes of American manufacture. If this is the case, since fewer shoes will be manufactured here, the demand for labor will decrease. So far, therefore, as wages depend, as members of the committee have intimated they do, upon laws of supply and demand, wages must necessarily fall. This effect will be felt without regard to any reduction in the duties upon the materials entering into shoes.

(c) Reports of the latest United States census indicate that the number of establishments engaged in this country in the manufacture of shoes decreased 16 per cent between the years 1900 and 1910. This decrease has been due without doubt to the keen competition even now prevailing in this country throughout the industry, which has resulted in the survival only of the most efficient manufacturers. It is admitted that the chief aims sought in the reduction or removal of the duty upon shoes are to increase competition in this country and to secure added revenue from imports. The same process will therefore be carried further that has already been apparent throughout the industry, namely, the elimination of the manufacturer who is least able to endure fierce competition. The large manufacturer can perhaps stand the losses involved in the readjustment of conditions, gradually reducing his labor cost to a point corresponding with the same item abroad. He can buy his supplies more cheaply, in larger quantities, and at favorable times, and can utilize many forms of economy in manufacture. He can employ experts, maintain a large selling staff, advertise extensively throughout the entire country, and establish factories abroad to manufacture for him those grades of shoes in which foreign competition is most keen. The smaller manufacturer without these advantages must feel the full effect of increased competition, and will be gradually eliminated.

III. It was said in the committee hearing that during the year 1912 not a pair of shoes worth over \$1 was imported into this country. On the contrary, the New York and Boston custom houses report that during the year ending June 30, 1912, 21,243 pairs of shoes were imported, valued at an aggregate of \$53,858, or of an average value of \$2.53. Imports of slippers of a very low grade and price brought the average value of all imports of footwear to an extremely low figure.

Respectfully submitted.

NATIONAL ASSOCIATION OF SHOE MANUFACTURERS.

EXHIBIT A.

EXECUTIVE OFFICE,
GEO. E. KEITH CO.,
Campello, Mass., February 13, 1913.

DEAR SIR: Confirming our telephone conversation of this morning, I would state that in no country where the Geo. E. Keith Co. sells shoes, either in their own stores or by agencies, are Walkover shoes sold at as low prices as in the United States. The selling price naturally varies according to the amount of the following factors: First, duty; second, freight rates; third, cost of conducting business in the particular country, and fourth, the necessity of arriving at popular prices in the currency of the country, as for example:

The Walk-over \$4 grade as sold in the United States sells in London for 16s. 6d, approximately \$4.04; Paris, 25 francs, approximately \$4.82; Berlin, 18 marks, approximately \$4.32; St. Petersburg, 13 rubles, approximately \$6.70.

The only exception to the above statement would be in the case of a sale or the closing out of odd lots.

Yours, very truly,

HAROLD C. KEITH,
Assistant Treasurer.

PARAGRAPH 451—BOOTS AND SHOES.

BRIEF OF THE COMMONWEALTH SHOE & LEATHER CO.,
BOSTON, MASS.

BOSTON, February 25, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR SIR: I have read over carefully the report of the hearings given by your committee on January 29 to the representatives of the shoe and leather trade, and I gather from this report that one fact which has an important bearing on the rate of duty necessary for boots and shoes has been entirely overlooked, both by your committee and by the representatives of the trade.

From the frank statements made by yourself to our representatives, I understand that the policy of the committee is to reduce the rate which you now understand to be prohibitive to such a point that importations of a reasonable amount will occur, so that revenue may be produced for the Government, and that no duty solely for protection shall be allowed to stand. In other words, that the rate should be such as to establish reasonable competition between the industry in this and other countries, and you distinctly affirm the proposition that no rate can be levied merely to protect the profits of the manufacturer in this country.

As a citizen who has been urgent for tariff reform for many years, I can agree in fullest detail with these propositions, and it was on the basis of my belief in the equity of this plan that I persuaded the shoe trade in 1908 to authorize me to represent them at Washington and consent to the reduction of the protection on boots and shoes to such a point as represented the actual difference in labor cost. I have no doubt you will agree with me that the rate of 10 per cent now levied on boots and shoes made from the skins of animals of the bovine species does not represent anything more than this difference in labor cost. As a matter of fact, in some grades it does not represent the full difference, and in no grade with which I am familiar does it represent more than this difference.

A careful examination of the charts submitted by the representatives of the shoe trade and based on reports of the Government investigator must convince even the most skeptical that this is the present condition. On the other hand, you and the members of your committee consider this duty prohibitive because under it no importations of consequence have resulted, and right at this point occurs the misunderstanding which I feel is likely to influence the action of your committee.

On practically all articles of merchandise manufactured in foreign countries, especially such as woolens, fine cotton goods, gloves, hosiery, crockery, steel, and many others, the conditions of the art in Europe are much more advanced than in this country, and the goods are more attractive and desirable in many respects. In such cases it is only necessary to put the duty low enough to bring the price of these goods to the level of the price of American-made goods, when importations will begin, and will reach large proportions. In other words, people appreciate the quality of the foreign product, and when it can be obtained on a competitive price basis are sure to buy quite largely of the foreign-made goods.

The opposite of this condition prevails in regard to shoes. The present method of making shoes by machinery originated in this country, and until the past eight or nine years this country has been far in advance of any foreign country in the development of this art, and at the present moment medium grades of shoes made in foreign countries are not as highly perfected in regard to fit, finish, and style as are similar goods made in this country. The foreign goods being somewhat clumsy in appearance, and when judged by the American standard, poor fitters, are not desired by the consumer in this country, and that is the reason they have not been imported in reasonable quantities since the reduction of the duty made by the Payne-Aldrich bill. The old adage illustrates this condition perfectly, "You can lead a horse to water, but you can not make him drink."

The belief expressed by members of your committee that no shoes at all had been imported (except two pairs coming from Canada) of the medium grades was, I think, an error, as I know some dealers who have imported sample lots of foreign shoes. These they have been able to obtain at lower prices in Europe than they could be furnished by manufacturers in this country, and they have undertaken, in good earnest, to introduce them into their lines and dispose of them to their regular trade. The result, however, has not been satisfactory for the reasons stated. After a thorough examination and the submission of the goods to their customers, they find the goods are not desired. Even a somewhat lower price is found not to be the controlling factor.

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The American-made article meets the ideas of the American consumer so much better. The facilities of the American manufacturer for prompt delivery and his generally more efficient system of merchandising more than offset the advantage in price in the foreign-made article, and the attempts at importing have therefore languished until they have been largely discontinued.

At the top of page 4209 Mr. McElwain said, "If you want to subsidize a man to go into business and force competition upon us, that can be done." The idea which I have expressed at some length was what then rested in Mr. McElwain's mind. I believe anyone thoroughly conversant with the shoe trade will agree that you can not induce large importations of foreign shoes into this country without you adjust the tariff in such a manner as to give the foreigner a very decided advantage in price. If the goods were greatly cheaper than American goods, they would undoubtedly be purchased in considerable quantities. If there were no tariff protection on shoes, this condition on some lines would occur at once, and importations would begin; and if the importations were not interfered with by the subsequent enactment of a protective duty, the volume of imports would increase as fast as the foreign manufacturers were able to equip themselves to produce the goods.

Is it your idea that importations of foreign goods that are undesirable from the standpoint of the American consumer should be forced into this country, to the detriment of American labor, and at that, without producing a cent of revenue for the government? I voted the straight Democratic ticket last fall wholly on the issue of tariff revision, but I must say that no such proposition as that was in my mind, and I believe was never thought of by any of the thousands of independent voters who brought the Democratic Party into power. I believe certain reductions could be made in the shoe and leather schedule that would encourage importation to some extent, and would be logical and proper, but free trade in shoes under all existing conditions would work a hardship that would seem to be uncalled for and wholly undesirable.

Yours, very truly,

CHAS. H. JONES.

CHARLES N. PROUTY, SPENCER, MASS., WRITES CONCERNING TARIFF ON SHOES, ETC.

ISAAC PROUTY & Co. (INC.),
Spencer, Mass., February 1, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: In reading the morning paper's account of the recent hearing on boot and shoe tariff, I notice you ask Mr. McElwain if shoes are put on the free list if it would wipe out the industry.

I recently said in my previous communication that it would wipe out the industry unless the manufacturers cut the price of labor, which we must do, and not allow our industry to be destroyed, if the tariff is reduced to free shoes. Further consideration impresses me more seriously. Ten per cent off from a \$2 shoe is \$0.20. The labor in a \$2 shoe is at the highest about \$0.40. The leather is approximately the same price to the foreign shoe manufacturer as the home manufacturer, though labor and findings are lower, so that the \$0.20 is all against the labor, which would be equivalent to a cut in labor of 50 per cent. When I come to look into this matter, I am sure it would seriously hamper, if not destroy, the industry, provided it needed any portion of this cut.

The Ways and Means Committee seemed to be very curious to know why the tariff was necessary when the American manufacturers could sell and were selling shoes in 87 countries now, in one instance at the very door of foreign competition. Mr. McElwain's answer that exports were no criterion of competition. I wish to answer this question by saying that American enterprise in early developing and promoting the industry has been in advance of other nations in machinery and application of the same, and the improved style of our goods to date. Other countries are fast approaching us in this respect by adopting our machinery, lasts, and methods of work. The goods exported are the higher grades of machine-made Goodyear sewed bottomed goods, taking the place of hand-sewed bottomed goods. Foreign countries had not got into this method of making shoes this way until recently. We were several years ahead of them, and this gave us the advantage and especially the patronage of Americans in Europe.

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Also the enterprise and method of our merchants in opening special American stores helped to attract the trade for the time being. This is only temporary. They are fast adopting our machinery and methods of all kinds, so that it will be hard for us to hold our trade in these 87 countries permanently, and if the duty is reduced they will appear in our country with such low-priced goods made in our style with our improved machinery and lasts that in order to hold our trade we must necessarily reduce our prices of labor to their basis.

I am more than ever convinced that it would be very unwise to reduce the present low tariff on leather and shoes.

Very respectfully,

CHARLES N. PROUTY.

BRIEF OF THE W. L. DOUGLAS SHOE CO., BROCKTON, MASS.

BROCKTON, MASS., February 14, 1915.

Congressman ANDREW J. PETERS,

Ways and Means Committee, Washington, D. C.

DEAR SIR: Hon. W. L. Douglas, who is at present in the South, writes me that the brief presented the Ways and Means Committee by the National Shoe Manufacturers' Association does not indicate the amount of protection offered the shoe manufacturers on a per-pair basis, and for that reason he directed that we should prepare and forward you a list showing the amount of protection thus afforded.

We have gone over the principal items entering into the production of a shoe and have calculated the protective duty on a per-pair basis, which we herewith submit:

Grades.	Retail selling price.	Duty per pair.
Gun metal blucher.....	\$4.00	\$0.1905790
Patent blucher, box kid top.....	4.00	.2231141
Russet calf blucher.....	4.00	.2000798
Russet calf lace.....	4.00	.1983627
Box calf blucher.....	3.50	.1511815
Vici bal.....	3.50	.1451419
Tan chrome blucher.....	3.50	.1692588
Box calf lace.....	3.00	.1410812
Vici blucher.....	3.00	.1364873

The items on which the duty is calculated and the rate of duty follows: Upper leather, 15 per cent; patent leather, 27 cents per pound and 8 per cent; cotton linings, 2½ cents and 4 cents per square yard; sole leather, 5 per cent; cotton thread, 6 cents per 1,200 yards; silk thread, \$1.50 per pound; hooks and eyelets, 45 per cent; linen thread, 38 per cent; cotton thread, 6 cents per 1,200 yards; tacks, ⅝ cent per M; nails, ⅞ cent per pound; slugging wire, 1½ cents per pound; lacings, 15 per cent and 25 cents per pound; cartons, 45 per cent; webbing, 60 per cent.

These are the principal items entering into the cost of a shoe on which there is a protective duty. There are various other items included in the National Manufacturers' brief which we have purposely omitted, as they have very little effect on the cost of production of a pair of shoes and for that reason were left out.

The shoes on which the duty is given in this letter are all men's shoes.

Mr. Douglas is quite confident that this information will be of value to you in your arguments before the Ways and Means Committee.

If there is any further information along this line that we can give you, we shall be very pleased to furnish it.

Yours, very truly,

FRANK L. ERSKINE,
Secretary to W. L. Douglas.

PARAGRAPH 451—BOOTS AND SHOES.

BRIEF OF WALTER H. CREAMER, LYNN, MASS.

LYNN, MASS., *January 30, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee.

DEAR SIR: As a citizen of the shoe manufacturing city of Lynn, and a Massachusetts Democrat, of perhaps some standing, I wish to protest against the assumption that Massachusetts Democrats generally are for a protective tariff when local industries are in question, or that their adherence to the Democratic doctrine of a tariff for revenue only, is lip service alone. I yield to none in my desire to see my city and State prosperous, but I wish to go on record as in favor of putting shoes on the free list. It is true that this duty is economically harmless. It neither raises prices nor lends itself to monopoly, as our manufacturers do compete with each other. But, neither is it necessary to the welfare of the shoe industry, which, competing abroad without such an economic crutch and exporting eighty times our annual imports, certainly should not need it to compete at home. Have our manufacturers no pride, no self-reliance, that they are so mentally befogged on this issue? The assertion that the abolition of this duty would mean wage reduction is effectively answered by the fact that the reduction of the duty from 25 per cent to 10 per cent was followed by wage increase. Do not our labor leaders know that wages in the shoe industry are regulated by the general wage level in the country and not by foreign wage levels? Do they not also know that high priced labor per day, may be, and frequently is, the cheaper labor per unit of work, because it is intelligent and contented labor. Do they not also know that the overhead expenses of our manufacturers are the cheapest in the world? These are the reasons we do not need such an artificial thing as a tariff tax to keep our present wage level in the shoe industry, or for our shoe manufacturers to compete at home as well as abroad. Take off this tax, and teach them not to be afraid of shadows or bogie men, and I venture to prophesy that two years from now no one will ask for its imposition again. And really, is there any better way of divorcing government and business, than for business not to ask government favors when it can be avoided?

Yours, truly,

WALTER H. CREAMER,

I am sending a copy of this to Congressman Peters.

W. H. C.

BROCKTON (MASS.) CHAMBER OF COMMERCE OPPOSE REDUCTION OF TARIFF ON BOOTS AND SHOES.

BROCKTON, MASS., *January 27, 1913.*

Whereas the prosperity of Brockton and its citizens depends in a large measure on the manufacture of boots and shoes; and

Whereas a further reduction in the tariff on boots and shoes would tend to interfere with the steady work of thousands of our citizens; and

Whereas we believe that if the tariff were taken off boots and shoes Brockton would lose a share of that industry to other countries:

Be it resolved, That we, assembled in a regular meeting of the Brockton Chamber of Commerce, representing the business interests and working people of the community, do hereby ask and pray that no reduction from the present duty on boots and shoes be made; and

Be it further resolved, That a copy of these resolutions shall be spread upon the records of this organization and one copy shall be sent to Congressman Augustus P. Gardner that he may use it before the committee from Congress that will hear this subject.

BROCKTON CHAMBER OF COMMERCE,
 A. H. ANDREWS, *President.*
 WM. N. HARDY, *Secretary.*

PARAGRAPH 451—BOOTS AND SHOES.

RESOLUTIONS OF THE LYNN (MASS.) SHOE MANUFACTURERS' ASSOCIATION.

LYNN, MASS., *February 12, 1913.*

Whereas a bill is pending before Congress to place boots and shoes on the free list; and Whereas the boot and shoe industry of the United States would have to compete with the product of foreign countries where boots and shoes are made under decidedly lower labor cost and where shoe machinery of the same type as used in the shoe factories of the United States is rapidly being installed, it becomes absolutely necessary that the boot and shoe industry of this country have some measure of protection to offset the difference in the cost of labor as paid in foreign countries and the cost of labor of American shoe workers, as well as the difference of manufacturing costs and overhead expense in foreign countries as compared with those in the United States; and

Whereas we thoroughly believe the placing of boots and shoes on the free list would prove unwise, radical, unwarranted, uneconomic, inexcusable, and would controvert alike the protective and revenue principles of tariff legislation: therefore be it

Resolved, That we, the special committee appointed by the Lynn Shoe Manufacturers' Association, which represents a business of \$30,000,000 per year, employing approximately 14,000 shoe workers in a city which produces the largest number of pairs of shoes of any shoe center of the United States, fully realizing that the present tariff is a necessary protection for the highly competitive American boot and shoe industry, strongly protest against the removal or any reduction of the present tariff on boots and shoes and thus avert the great danger to workmen, manufacturers, and the boot and shoe industry of the country.

P. J. HAINEX,
Pres. P. J. Hainey Shoe Co.
 ALBERT N. BLAKE,
Of Watson Shoe Co.
 FRANK P. ABORN,
Of C. H. Aborn & Co.
 ARTHUR A. SOUTH,
Of Brophy Bros. Shoe Co.
 JAMES M. CAUNT,
Of Mitchell-Caunt Co.

PROTEST OF THE SUPERINTENDENTS AND FOREMEN'S ASSOCIATION OF HAVERHILL, MASS.

WASHINGTON, D. C., *February 1, 1913.*

MY DEAR MR. ROPER: I beg to inclose you herewith a telegram from the financial secretary of the Superintendents and Foremen's Association of Haverhill, Mass.

I shall be much obliged if you will have it inserted in the permanent record of the hearings on the boot and shoe paragraph in Schedule N.

Sincerely, yours,

A. P. GARDNER.

DANIEL C. ROPER, Esq.,
Clerk, Committee on Ways and Means, Washington, D.C.

[Inclosure—Telegram.]

HAVERHILL, MASS., *January 29, 1913.*

A. P. GARDNER,
Care Committee on Ways and Means, Washington, D. C.

Superintendent and Foremen's Association of Haverhill protests any reduction in tariff on boots and shoes.

L. O. PHILBRICK, *Financial Secretary.*

PARAGRAPH 451—BOOTS AND SHOES.

BRIEF OF J. E. & W. G. WESSON, WORCESTER, MASS., IN RE DUTY ON BOOTS AND SHOES.WORCESTER, MASS., *January 25, 1913.*

Mr. OSCAR UNDERWOOD,

Chairman of Ways and Means Committee, Washington, D. C.

DEAR MR. UNDERWOOD: We know you will appreciate any facts that we can give your committee on the labor cost of shoes in this country and England. Other European countries are less than England.

Three years ago we visited England and called at a factory at Worcester; we got the information from the manager of the factory. He gave me the cost of labor in the factory outside of the office to average for every one employed—men, women, and children—at £1 a week, less than \$5. Our payroll, outside of the office, averages between \$11 and \$12 per week, for each man, woman, and child employed. Leather and all that goes to make a shoe are about the same cost in England as here. The English factories have every improved machine that we have, and the workmen are as efficient as our own people.

The average cost of labor to the total cost of shoes is 25 per cent, and you will see with the wages paid in England it must be less than 15 per cent. We need the little protection of 10 per cent, the present duty on shoes. The prosperity of this country is due to the prosperity of the working people. I have manufactured shoes over 40 years and know that the workmen in shoe factories need all the wages they get, and it would be a great injustice to every workman connected with our industry to put shoes on the free list, and would benefit no one in this country.

Kindly give the shoe workman careful consideration in the revision of tariff on shoes.

Very respectfully,

J. E. & W. G. WESSON,
J. E. WESSON.

BRIEF OF GEORGE R. JONES, PRESIDENT OF THE GEORGE R. JONES CO.

The effect of the removal of the duty upon shoes will first be felt, I am sure, by the small manufacturer.

Reports of the United States census indicate that the number of establishments manufacturing shoes in this country decreased 16 per cent between the years 1900 and 1910. The decrease has been due, in my opinion, to the keen competition now prevailing here throughout the industry, a competition hardly equalled in any other line and resulting in the survival only of the most efficient manufacturers.

If the tariff on shoes is removed or is reduced to a point where the foreign product, with admittedly a lower labor cost, can compete freely with us in our own markets, a still greater handicap must be met by the small manufacturer, and the number of establishments will be still further reduced.

The large manufacturer can perhaps stand the losses involved, in the readjustment of conditions, gradually reducing his labor cost to a point corresponding with the same item abroad. He alone, if anyone, can survive the increased competition. He can buy his supplies more cheaply—because in larger quantities and at favorable times, when the small manufacturer with a limited capital can hardly keep ahead of his production. He has the advantage of economies in manufacturing, attending, as you know, a large organization, which override the loss of individuals or temporary conditions. He can employ experts in every department of his business. He can maintain a large selling staff to demonstrate the superior merit of the domestic product as against a cheaper article of foreign manufacture. He can advertise extensively in a market reaching throughout the entire country. He can establish factories abroad to manufacture for him the relatively few grades of shoes in which foreign competition at the time is fiercest, operating here to advantage in all other grades.

In all of the above respects the small manufacturer with limited capital may find himself decidedly at a loss, when there shall be added to the competitors in this country with whom he must cope the competition of the rest of the world.

With the elimination of the small manufacturer the tendency to combination must grow, and the resulting consolidations of capital will dictate prices and terms regardless of domestic competition. This process is seen to-day in some other industries where large corporations compete even in foreign countries at the expense of the home market and laborer.

GEORGE R. JONES CO.,
GEO. R. JONES, *President.*

PARAGRAPH 451—BOOTS AND SHOES.**BRIEF OF UNION LOCK-STITCH CO., EAST BOSTON, MASS.**EAST BOSTON, MASS., *January 31, 1913.*HON. OSCAR W. UNDERWOOD,
House of Representatives, Washington, D. C.

DEAR SIR: I have been interested in the reports of the hearings before your committee on shoe duties. I have been connected with the shoe-machinery industry for 30 years and I can not say that I agree with our shoe manufacturers is to the harm which might result from the reduction of the duty.

The large wages which are paid our shoe workers in this country are because they have been in the past most efficient. I have seen shoe stitchers in England working for 4s. per week whose product did not begin to figure as well as the \$15 per week shoe stitchers in Lynn.

The great burden, in my opinion, which the shoe industry has to carry to-day is the tax which they are subjected to by the United Shoe Machinery Co. through the tying clauses in their leases. It absolutely shuts out competition in machines which mean the most to the shoe industry.

The United Shoe Machinery Co.'s much advertised system of careful service, by which they keep an expert in touch with all of their machines continually, has destroyed the efficiency of the operator and has taken away the ambition and initiative of the individual—two things which made the shoe industry of this country what it is.

The United Shoe Machinery Co. claim to have the most efficient line of shoe machinery in the world. Now, if this is true, why do they need any protection? We should have free shoe machinery. Your committee should not take the duty off of shoes and then compel the shoe people to enter the world's field on the basis of efficiency without giving the industry the benefit of free shoe machinery, so that they may buy the most efficient machines and work on an equal basis with other competitors. To be absolutely consistent there is nothing your committee can do other than to remove the duty on shoe machinery.

There is another item which I hope will receive the careful attention of your committee—the one of sewing machine needles. The Excelsior Needle Co., of Torrington, Conn., controls 75 per cent of the needle business of this country and abroad. They have three factories here, one in Coventry, England, and one in Aix-la-Chapelle, Germany.

Years ago they paid enormous dividends in cash and stock, so that an original investment of \$100,000 was eventually capitalized at \$3,000,000. Their English and German factories are the largest in those countries and have been fully equipped with American machinery.

To illustrate the inequality of prices, will say that needles made by them for McKay sewing machines, which are used largely in the shoe industry, sell in England for \$10 per 1,000, while here the same thing made by these people sells for \$16 per 1,000.

In view of the fact that they have driven out all competition abroad, it should be evident to your committee that they now need no protection here and needles should be put on the free list.

Yours, very truly,

C. S. LUTTWIELER, *Treasurer.***BRIEF OF UTZ & DUNN CO., ROCHESTER, N. Y.**ROCHESTER, N. Y., *January 25, 1913.*HON. HENRY G. DANFORTH, *Washington, D. C.*

DEAR SIR: There will be a hearing for the Ways and Means Committee on January 29, 1913, on Schedule N of the Payne-Aldrich tariff bill, under which schedule is listed the item of boots and shoes.

There is now a duty of 10 and 15 per cent on men's and women's shoes, and we judge that it is intended to reduce the duty on these articles still further. If the duty on boots and shoes is abolished, it will prove a very disastrous proceeding so far as the boot and shoe industry of this country is concerned, and consequently the National Boot & Shoe Manufacturers' Association has appointed a committee, which will appear before the Ways and Means Committee on that date, with statistics and argument to endeavor to demonstrate that the present duty is already low and that a further reduction would be a serious blow to this industry.

PARAGRAPH 452—LEATHER BAGS, ETC.

We are not only handicapped as regards the European product by reason of the fact that European labor cost is at least 60 per cent less on boots and shoes than it is in this country, but further by the fact that a great number of articles, raw material or manufactured articles, used in making shoes pay import duties ranging anywhere from 15 to 100 per cent; that the foreign manufacturer can purchase these articles cheaper than we can because he pays no duty on them directly or indirectly. The foreign manufacturer has an advantage over the American manufacturer in that he is not only on the same plane with the American manufacturer as regards leased machinery, but that if he so wishes he has a further advantage in that he can buy his machinery outright, if he so desires, which American manufacturers are prevented from doing owing to the large duty imposed on machinery and the tying clauses in the leases of the United Shoe Machinery Co. They are further handicapped by reason of the fact that the overhead charges are larger in this country than they are in European factories; that there is more power used and the depreciation is greater.

The first result of a reduction of the tariff on boots and shoes would be there would be importation from Europe and from Canada, which would increase very fast. Every pair of foreign-made boots and shoes sold in this country would mean that much reduction on home manufactures, and would therefore mean less employment for the shoe workers. If American factories wished to compete they would be obliged to cut their costs. It is not possible to cut the profit, as that is already as small as a business can be conducted at safely. If costs are to be reduced, the natural point at which the cut would be made would be in the labor cost, for the material cost would not be any less, nor could materials be purchased for any less than they are at the present time, and if the price of labor were reduced it would immediately result in labor disturbances and strikes.

This simply indicates in a short way the main points of argument in favor of a retention of duty on boots and shoes of at least the present schedule. Similar arguments will no doubt be presented by our committee in amplified form before the Ways and Means Committee, but we desire to enlist your assistance and your personal and moral support in this matter, and would appreciate it very much if you would exert your influence toward the end that there be no further reduction in the tariff on boots and shoes.

Thanking you in advance, we are,

Yours, respectfully,

UTZ & DUNN Co.

PARAGRAPH 452.

Bags, baskets, belts, satchels, card cases, pocketbooks, jewel boxes, portfolios, and other boxes and cases, made wholly of or in chief value of leather, not jewelry, and manufactures of leather, or of which leather is the component material of chief value, not specially provided for in this section, forty per centum ad valorem; any of the foregoing permanently fitted and furnished with traveling, bottle, drinking, dining or luncheon and similar sets, fifty per centum ad valorem.

LEATHER BAGS, ETC.**BRIEF OF FRANCIS E. HAMILTON, NEW YORK, N. Y., COUNSEL OF TRUNK IMPORTERS.**

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

We, importers of trunks, respectfully request that the present duty upon the same be reduced to 20 per cent.

The present rate under paragraph 452 is 40 per cent, practically prohibitive, as will readily be shown by the following statement:

A case 16 feet long by 3.6 feet wide and 3.8 feet high contains 220 cubic feet and will contain 16 trunks 36 inches by 20 and 22 inches.

The packing case and packing costs.....	\$12
Freight from Paris to New York.....	33
Cartage, brokerage, etc.....	11

PARAGRAPH 452—LEATHER BAGS, ETC.

being \$3.50 expense to each trunk. If the foreign market value is \$10, after paying 40 per cent duty and the above expenses the trunk will have cost, laid down in New York, \$18, and to continue business we must ask at least \$22 for the same.

A similar trunk can be bought in Paris for \$14, and the trunk comes into competition with the American-made article protected by the high duty, which sells at \$15 to \$18, thus closing the market to our importations.

That these conditions exist to the great injury of the importers as well as to the cost of the public it is only necessary to note that there are at the present time more than twenty times as many American trunks exported for sale in Europe as there are of European trunks imported.

If the duty were reduced upon these goods to 20 per cent it would approach a competitive protective rate and as a result the Government would receive a largely increased revenue, as imports would be accelerated.

Examination of the imports of all leather goods, including trunks, shows that the total value of the same for the year closing June 30, 1912, was less than \$300,000, while at the same time the sale of leather goods in the United States, according to the statistics contained in the census, runs into the millions annually. The reason for this is simple; the present duty is so high that foreign leather goods are shut out from the American market, except in the small percentage of very expensive traveling cases, saddlery, etc., imported and sold to those who will pay any price for foreign-made articles. This class of buyers, however, is so small that not 1 per cent of the trade in the country is represented by them.

We further call attention to the present customs rulings which within the past two years have imposed this heavy duty rate upon trunks purchased of necessity abroad by returning American travelers. Why should an honest citizen of this country, forced by accident or the exigencies of travel to buy a trunk while abroad to carry his personal wardrobe, none of it dutiable, be compelled to pay twice or even three times for the trunk he has unwillingly purchased, simply because it is not of American manufacture?

No civilized nation so imposes upon its people, and this customs regulation, only recently in effect, would seem to be the dernier effort of the American manufacturer to control absolutely the expenditure of every last American dollar, whether spent at home or abroad, if used to buy leather goods.

To us this seems a most reprehensible ruling.

We therefore pray that the rate in paragraph 452 be reduced to 20 per cent ad valorem, and that the tariff law specifically permit a returning American citizen to bring in free of duty the trunk he has been obliged to purchase while in a foreign land.

All of which is respectfully submitted.

FRENCH CHAMBER OF COMMERCE,
FRANCIS E. HAMILTON, Counsel,
32 Broadway, New York City.

BRIEF OF BARTLEY BROS. & HALL, NEW YORK, N. Y.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

We, as jobbers and importers of leather goods, find from our experience that the present duty of 40 and 50 per cent upon the same is almost prohibitive and compels us to import only the most expensive articles in that line.

We therefore pray a reduction of this duty rate to 25 per cent.

The duty of 40 per cent applies to bags, baskets, belts, satchels, card cases, pocket-books, jewel boxes, portfolios, and all other boxes or cases made wholly or in chief value of leather and all manufactures of leather not placed under the 50 per cent rate.

The duty of 50 per cent on leather bags, baskets, and novelties, fitted with articles for traveling purposes, compels the importation only of such articles as are novelties and of the finest workmanship. The cheaper grades can not be imported under a duty of 50 per cent.

The duty upon leather means that every leather belt worn by the men and women and children of this country, and every pocketbook or card case carried by any citizen, as well as every leather trunk, handbag, suit case, hatbox, or ladies shopping bag must pay 40 or 50 per cent of protection to the manufacturers of leather in this country. As a result the manufacturers of leather have grown rich at the direct expense of the people.

PARAGRAPH 452—LEATHER BAGS, ETC.

The official statement of imports of merchandise from the Treasury Department from September 30, 1911, to June 30, 1912, at page 98, affords a striking illustration of the result of overtaxing foreign-made goods. From this it will be seen that the importations under this paragraph, whether coming in under the 40 per cent or the 50 per cent duty rate, are insignificant and the duty not \$150,000 per year, when under a reasonable duty, say, 25 per cent, the importations would be so increased that the amount of revenue would be multiplied fourfold.

Quoting from these official records, it is shown that the total importations of all kinds of manufactures of leather for the year ending June 30, 1912, amount to \$76,346.96 of goods dutiable at 40 per cent and \$199,647.78 of goods dutiable at 50 per cent.

The goods under the 40 per cent rate are those used by the great masses of the American people, and the infinitesimal importation shows how the present high rate of duty absolutely strangles this business.

Those articles which pay a 50 per cent duty, being in general traveling sets, are of the most expensive lines imported, and for that reason also the importations are especially limited; and since all leather manufacturers must pay 40 or 50 per cent, the importations are confined to the very finest grades in all classes of these goods.

Leather goods are to be found in almost every store in the United States which deals in drugs and notions, department stores have special departments for leather goods, and in the smaller cities drug stores, cigar stores, stationery, toy, and variety stores carry leather goods, especially those classes covered by the 40 per cent rate. All these are American goods.

The consumption of leather goods in general is enormous, and especially among the poor people; but the importer can not reach these consumers, since the duty rate forbids. A leather purse, well made and of good material, or a leather belt, is an absolute necessity to millions of Americans, but the articles can not be imported under a duty rate of 40 and 50 per cent, to sell in competition with those manufactured in the United States.

The present tariff is not competitive, but practically prohibitive.

That this is so appears from the following facts:

One leather manufacturing house in Philadelphia reports sales of more than \$400,000 worth of goods during the past year. There are in the New York Telephone Business Directory more than 200 manufacturers of leather in that city alone, and there are over 3,000 in the United States, yet the total importations of leather goods for the entire United States for the year closing June 30, 1912, was only about \$275,000 worth.

But one conclusion can be reached: The present tariff rate prohibits importation, makes a "trust" of the business of manufacturing leather in the United States, eliminates foreign competition, and forces the millions of the United States who find many articles of leather necessities to pay an exorbitant profit to a few, sheltered behind a 40 and 50 per cent tariff wall.

The foreign freight rates have increased nearly 100 per cent within the past 20 years. The present cost of a shipment of 40 cubic feet of leather goods from the shipping port in England to New York is \$10. Forty cubic feet of leather goods is not a large quantity, and this freight charge alone would be ample protection to the domestic manufacturer, who is nearer the source of supply for raw material and has also the advantage of distributing his goods without paying foreign freight charges. Leather goods, such as bags, satchels, and grips, are bulky freight.

The tariff rates upon leather goods, covered by paragraph 452, Schedule N, goods which are used in some form—belts, leggins, pocketbooks, hatbands, etc.—by every man, woman, and child over 3 years of age in this country, are higher than the rates on automobiles, steam yachts, paintings, statuary, furniture, diamonds, golf sets, firearms, fishing rods and reels, wines, etc., all of which are luxuries, while the leather goods referred to in this brief are absolute necessities.

For all of the above reasons we ask your honorable committee to reduce this rate to 25 per cent.

All of which is respectfully submitted.

BARTLEY BROS. & HALL,
50 Warren Street, New York City.

(Francis E. Hamilton, counsel, 32 Broadway, New York City.)

Dated New York, N. Y., January 25, 1913.

PARAGRAPHS 453-459—LEATHER GLOVES.

PARAGRAPH 453.

Gloves made wholly or in part of leather, whether wholly or partly manufactured, shall pay duty at the following rates, the lengths stated in each case being the extreme length when stretched to their full extent, namely:

PARAGRAPH 454.

Women's or children's "glace" finish, Schmaschen (of sheep origin), not over fourteen inches in length, one dollar and twenty-five cents per dozen pairs; over fourteen inches and not over seventeen inches in length, two dollars and twenty-five cents per dozen pairs; over seventeen inches in length, two dollars and seventy-five cents per dozen pairs; men's "glace" finish, Schmaschen (sheep), three dollars per dozen pairs.

PARAGRAPH 455.

Women's or children's "glace" finish, lamb or sheep, not over fourteen inches in length, two dollars and fifty cents per dozen pairs; over fourteen and not over seventeen inches in length, three dollars and fifty cents per dozen pairs; over seventeen inches in length, four dollars and fifty cents per dozen pairs; men's "glace" finish, lamb or sheep, four dollars per dozen pairs.

PARAGRAPH 456.

Women's or children's "glace" finish, goat, kid, or other leather than of sheep origin, not over fourteen inches in length, three dollars per dozen pairs; over fourteen and not over seventeen inches in length, three dollars and seventy-five cents per dozen pairs; over seventeen inches in length, four dollars and seventy-five cents per dozen pairs; men's "glace" finish, kid, goat, or other leather than of sheep origin, four dollars per dozen pairs.

PARAGRAPH 457.

Women's or children's, of sheep origin, with exterior grain surface removed, by whatever name known, not over seventeen inches in length, two dollars and fifty cents per dozen pairs; over seventeen inches in length, three dollars and fifty cents per dozen pairs; men's, of sheep origin, with exterior surface removed, by whatever name known, four dollars per dozen pairs.

PARAGRAPH 458.

Women's or children's kid, goat, or other leather than of sheep origin, with exterior grain surface removed, by whatever name known, not over fourteen inches in length, three dollars per dozen pairs; over fourteen inches and not over seventeen inches in length, three dollars and seventy-five cents per dozen pairs; over seventeen inches in length, four dollars and seventy-five cents per dozen pairs; men's goat, kid, or other leather than of sheep origin, with exterior grain surface removed, by whatever name known, four dollars per dozen pairs.

PARAGRAPH 459.

In addition to the foregoing rates there shall be paid the following cumulative duties: On all leather gloves, when lined, one dollar per dozen pairs; on all pique or prix seam gloves, forty cents per dozen pairs; on all gloves stitched or embroidered, with more than three single strands or cords, forty cents per dozen pairs.

LEATHER GLOVES.

BRIEF OF THE ASSOCIATION OF GLOVE IMPORTERS OF THE UNITED STATES.

HON. OSCAR W. UNDERWOOD,
*Chairman of the Ways and Means Committee,
House of Representatives, Washington, D. C.*

SIR: The Association of Glove Importers of the United States begs to present its petition to you, praying for a reduction of the present tariff rates as embodied in Schedule N, paragraphs 453 to 460 of the tariff act, of August 5, 1909. The existing rates of duty are unfair, and, in many instances, prohibitive and are an excessive and burdensome tax upon the consumers of gloves imported into the United States.

PARAGRAPHS 453-459—LEATHER GLOVES.

We ask for this reduction of tariff, not only on behalf of the American consumer, but also on behalf of American merchants whose capital is invested in this business. We shall show by the facts and figures given in the subjoined tables that a substantial reduction in rates can be made to the very material benefit of the American people without jeopardizing the interests of American manufacturers and without lowering the schedule of wages in America.

First. By the reduction of the existing schedules the consumers will be benefited to a great extent. They will be able to secure better value for their money, which will be a great economy. It will create a demand for merchandise of a higher order and will therefore increase the revenue of the United States Government. It must be borne in mind that leather gloves are not a luxury, but a necessity, and are worn by 90 per cent of the men and women of the United States, irrespective of class or social position.

Second. As regards the effect of a reduced tariff upon American manufacturers, it may be stated, briefly, that the great bulk of our importations of foreign gloves consists of a grade which does not enter into competition directly with the American product at all, for the reason that up to the present time domestic manufacturers have been unable to produce gloves of brush leather (see Exhibit A) and have confined their operations solely to the heavier leathers from which they manufacture men's and women's gloves. A reduction, therefore, of the present onerous rates to fair revenue-producing rates would not alter this position in the least.

Third. As regards the effect of a reduction of the present tariff upon American labor, the subjoined table of labor costs of production in this country and abroad, obtained from authoritative sources, while it shows a material difference in favor of foreign labor cost, will, by comparison with the rates of duty which we urge upon your honorable committee, show that the proposed rates will more than compensate for any difference in the labor costs which exists between the United States and foreign countries.

We call your attention also to the fairness of the position taken by the importers and their willingness that the new rates proposed should compensate fully for the difference in the costs of production at home and abroad. On men's gloves, particularly, there is a practically prohibitive duty of \$4 per dozen, with cumulative duties of 40 cents per dozen on piqué and prix seams, and 40 cents per dozen on all embroidered gloves, showing a discriminatory duty in favor of men's gloves of \$1 to \$1.50 per dozen. As it costs no more to manufacture men's than women's gloves, this discrimination is unfair and indefensible.

During the hearing before the Ways and Means Committee in November, 1908, when the Payne-Aldrich bill was under consideration, Mr. Lucius N. Littauer, representing the American glove manufacturers, stated that it cost as much to make men's gloves as it did women's. This being true, there should be no difference in the rates of duty on men's and women's gloves.

We also desire to call your attention specifically to the fact that the imports of foreign gloves into the United States have remained practically stationary during the last four years, averaging, in round figures, \$7,500,000 per annum, showing no increase in revenue during that period.

CUMULATIVE DUTIES.

The cumulative duties of 40 cents per dozen on all prix seam and piqué sewn gloves, and an additional 40 cents per dozen on all gloves stitched or embroidered with more than three single strands or threads, are an absolutely unjust tax. In other words, simply because a glove is made with one or another style of stitching or embroidery (which fashion alone decrees) the duty assessed on its cost is made anywhere from 80 per cent to as high as 800 per cent.

It is an unjust and inequitable proposition to levy a duty upon the embroidery of a glove from the fact that a glove without embroidery is an unfinished article of wearing apparel. Piqué or prix seam sewn gloves also pay a cumulative duty of 40 cents per dozen and cost to make in France from 1½ to 2 francs (30 cents to 40 cents) per dozen additional, and therefore are assessed at about 133 per cent on their cost, while fashion says whether piqué or prix seam gloves are to be worn.

From the above figures it is clear that these cumulative duties are unnecessary and can be completely abolished without the slightest injury to the American industry.

SPECIFIC DUTY.

We also desire to make an emphatic protest against the embodying in any new tariff act of any provision for ad valorem duties on gloves, and pray that the present

PARAGRAPHS 453-459—LEATHER GLOVES.

specific duty method be retained, as it has proven not only entirely satisfactory, but it has unquestionably added to the rapidity of delivery and multiplied the revenue of the Government, whereas, on previous tariff schedules ad valorem duties have worked to the detriment of all concerned, causing undervaluation, resulting in litigation which has been a serious drawback to the expediting of business.

The subjoined table, showing the cost of production of leather gloves at Grenoble, France (the center of the leather glove production of Europe), was compiled under the direction of the president of the *Chambre Syndicale des Fabricants de Gants de Grenoble* (Syndicate of Manufacturers of Gloves of Grenoble), and the accuracy of the figures therein was attested to by the Hon. C. P. Nason, the American consul for that district. The figures are as of November, 1910, and since then there has been a material increase in the cost of glove labor, as the result of several advances in wages forced upon the manufacturers by the workmen of that section.

We beg to submit to the consideration of your honorable committee the following schedule of rates for the new tariff. It has been carefully compiled by the Association of Glove Importers of the United States, and in its judgment represents fair and just rates, both as regards the producing of revenue to the United States Government and as affording American manufacturers ample opportunity to compete with foreign manufacturers without reducing the scale of wages in this country:

"Gloves made wholly or in part of leather, whether wholly or partly manufactured, shall pay duties at the following rates:

"Men's, women's, and children's gloves of glace or suede finish, schmaschen (of sheep origin), not over 17 inches in length, \$1.25 per dozen pairs; over 17 inches in length, \$2.50 per dozen pairs.

"Men's, women's, and children's gloves of glace or suede finish, lamb or sheep, not over 17 inches in length, \$1.75 per dozen pairs; over 17 inches in length, \$3.50 per dozen pairs.

"Men's, women's, and children's gloves of glace or suede finish, goat, kid, or other leather than of sheep origin, not over 17 inches in length, \$2.50 per dozen pairs; over 17 inches in length, \$4.50 per dozen pairs.

"On all leather gloves, when lined with cotton, silk, or other manufactured or woven fabric, \$1 per dozen pairs additional.

"On all leather gloves, when lined with natural fur of any description whatsoever, \$2 per dozen pairs additional.

"Glove trunks and other sorts of accompanying pieces shall pay 50 per cent of the rates levied upon gloves in the fabrication of which they are suitable."

The subjoined tables show the cost of the manufacture of gloves in France, Germany, and the United States.

Respectfully submitted.

THE ASSOCIATION OF GLOVE IMPORTERS OF THE UNITED STATES,

T. H. LA FETRA, *President*.

JANUARY 29, 1913.

Complete labor cost of manufacture per dozen gloves.

GRENOBLE, FRANCE.

	Women's 2-clasp overseam, 1-row.	Women's 16-button overseam, 1-row.	Women's piqué or P. X. M., 1-clasp, embroid- ered P. P.	Men's piqué or P. X. M., 1-clasp, embroid- ered P. P.
	<i>Francs.</i>	<i>Francs.</i>	<i>Francs.</i>	<i>Francs.</i>
Cutting.....	3.50	7.00	3.75	4.00
Die cutting.....	.50	.75	.50	.50
Sewing.....	1.50	2.00	3.50	3.50
Embroidery.....	.50	.50	1.00	1.00
Sewing, binding, and hemming top.....	.85	.70	.85	.95
Putting on clasps and stays.....	.95	.95	.95	.95
Laying off.....	.40	.50	.40	.40
Miscellaneous expenses.....	1.30	1.50	1.30	1.30
Total.....	{ 9.50 \$1.83	{ 13.90 \$2.68	{ 11.25 \$2.41	{ 12.60 \$2.41

PARAGRAPHS 453-459—LEATHER GLOVES.

Complete labor cost of manufacture per dozen gloves—Continued.

GERMANY.

	Women's overseam 2-clasp 1-row.	Women's overseam 16-button 1-row.	Women's piqué or P. X. M., 1-clasp, saddler's point.	Men's piqué or P. X. M., 1-clasp, spear point nappa.
	Marks.	Marks.	Marks.	Marks.
Cutting.....	3.08	6.20	3.32	4.04
Sewing.....	1.80	1.90	3.56	3.75
Embroidering.....	.50	.50	.40	1.70
Clasps.....	.80	1.10	.45	.50
Stays.....	.05	.05	.05	.10
Welts.....	.30	.15	.30	.30
Laying off.....	.35	.50	.38	.40
General expense.....	1.60	2.50	1.60	1.60
Total.....	{ 8.48 \$2.04	12.90 \$3.10	10.06 \$2.42	12.39 \$2.98

UNITED STATES.

	Women's 1-clasp P. X. M.	Women's overseam 16-button 1-row.	Women's piqué 1-clasp Paris points.	Men's piqué or P. X. M. 1-clasp spear point.
Shaving.....	\$0.10	\$0.30	\$0.10	\$0.10
Cutting.....	.95	1.90	.95	.95
Punching.....	.10	.10	.10	.10
Silking.....	.10	.27	.23	.10
Pulling ends.....	.04	.05	.05	.10
Making.....	1.10	1.10	1.40	1.10
Hemming.....	.20	.10	.20	.20
Laying off.....	.20	.40	.12	.20
Stay pieces.....	.05	.18	.05	.03
Trimming leather.....	.03	.05	.....	.05
Examination.....	.05	.05	.05	.....
Spears.....	.....	.....	.....	.30
Total.....	2.92	4.50	3.25	3.23

EXHIBIT A.—Women's 2-clasp overseam glace, 1-row.

EXHIBIT B.—Women's 2-clasp overseam Schmaschen, 1-row.

EXHIBIT C.—Women's 2-clasp piqué, embroidered, Paris points.

EXHIBIT D.—Women's 16-button glace embroidered, 1-row.

BRIEF OF PATRICK FRANCIS MURPHY, NEW YORK, N. Y.

MARK CROSS CO.,
NEW YORK, February 1, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means, Washington, D. C.

HONORABLE SIR: I was introduced to you by Senator O'Gorman.

You were good enough to ask me to give you an expression of my views on the manufacture of leather goods and gloves.

I have consulted with manufacturers and importers, and what I inclose herewith is a fair expression of their views.

Faithfully, yours,

PATRICK FRANCIS MURPHY.

PARAGRAPHS 453-459—LEATHER GLOVES.

[Inclosure.]

TARIFF ON GLOVES.

The specific duty on men's gloves is \$4 per dozen pairs; in addition to this 40 cents per dozen is charged for gloves sown picque or prixseam; also 40 cents if the backs are embroidered with three or more single strands or cords. This makes all men's gloves practically \$4.80 per dozen (no extra duty for overseam stitching).

On women's not over 14 inches long the specific duty per dozen is \$3.80 and 40 cents per dozen extra for picque or prixseam stitching, and 40 cents for three or more single strands or cords on the back, making all women's gloves practically \$3.80 per dozen.

There is no extra charge on the above where there is overseam stitching.

On women's lamb gloves, not over 14 inches long, the specific duty is \$2.50 per dozen, and 40 cents per dozen pairs extra for picque or prixseam stitching (no extra duty for overseam stitching), and 40 cents per dozen pairs extra for three strands or cords on the backs, making women's lamb gloves practically \$3.30.

The suggestion which has been made by many of the manufacturers and importers, and which we think would meet with no opposition whatever, is the following:

To reduce the tariff on women's gloves under 14 inches in length and on men's gloves in the following manner:

To eliminate the extra charge of 40 cents per dozen pairs for picque and prixseam and the extra charge of 40 cents for three strands on the back.

This will remove from the tariff two items which have been constant causes for contention and litigation, as there is always a question as to what constitutes the three strands on the back.

There is also the suggestion that the specific duty on gloves is a better measure of protection than the ad valorem duty. When we had ad valorem duty, the under valuations were numerous and the Government had no means of protecting its interests. It also drove out of the business many importers, who would not resort to the means employed by the German, Italian, and French manufacturers.

There were many suits brought by the Government while the ad valorem duty was in existence. Many importers found it to their advantage to buy imported gloves in New York, as they could buy them cheaper here than they could import the gloves themselves, on account of the undervaluations made by unprincipled firms. In fact, this is what caused the change from "ad valorem" to "specific."

The suggestion also is that on women's gloves of 20 inches and upward in length, the high rates that are prevailing might remain.

We think that it should make no difference what kind of stitching is put on gloves, or what kind of strands are on the back, as it is only a glove.

There are three kinds of stitching on gloves: Picque, prixseam, and overseam. There is an extra duty of 40 cents per dozen pairs on the first two and none on the overseam.

Paragraph 452 provides articles manufactured of leather, 40 per cent ad valorem. This portion of the paragraph is frustrated by what follows:

"On any articles permanently fitted and furnished with traveling, bottle, drinking, dining, or luncheon and similar sets 50 per cent ad valorem."

This last paragraph only furnishes contention and litigation. The words "similar sets" are so ambiguous that we have been compelled to pay 50 per cent unjustly on many articles. We ask that whatever duties you make on leather goods be established and made clear and distinct, so that we are not compelled to protest every shipment, as we are now doing.

The tariff on the Dingley bill was 35 per cent on manufactures of leather, bags, cardcases, pocketbooks, etc., and on the Payne-Aldrich bill they have practically added 15 per cent to it.

Paragraph 450 in regard to harness, saddles, and saddlery says 20 per cent ad valorem.

Paragraph 461 makes it 35 per cent ad valorem, so that it has been a matter of contention between us and the customhouse why they should have these two duties.

Paragraph 475 provides for smokers' articles, 60 per cent ad valorem, so that when we make a leather cigarette or cigar case it is charged 60 per cent duty. We think this duty excessive.

PARAGRAPHS 453-459—LEATHER GLOVES.

RESOLUTIONS OF THE JOHNSTOWN (N. Y.) BOARD OF TRADE.

JOHNSTOWN, N. Y., *February 10, 1913.*HON. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: Your attention is directed to a resolution of the board of trade of the city of Johnstown, Fulton County, N. Y., of which the following is a copy.

Yours very truly,

STUART HENRY,
Secretary Board of Trade.

Whereas, the Democratic Party declared, in its platform of 1912, for a revision of the tariff, but recognized that the system of tariff taxation is intimately connected with the business of the country and favored the ultimate attainment of the principles advocated by legislation that would not injure or destroy legitimate industry, and

Whereas, it is understood to be the purpose of the Ways and Means Committee to draft and present, for the consideration of a special session of the Congress to be convened after March 4, 1913, a tariff measure which will provide for competitive rates of tariff duties, to the end that the importation of articles of foreign manufacture will not be prohibited but that articles of foreign manufacture may compete in the domestic market with those of American manufacture and that the necessary revenue will be secured to the Government, and

Whereas, there are located in Fulton County, N. Y., 154 separate concerns manufacturing leather gloves, of which concerns 53 are located in the city of Johnstown, Fulton County, N. Y., and

Whereas, the glove and leather industries are practically the only industries located in said county and said city and directly and indirectly furnish livelihood to practically the entire population of said county, which is approximately 50,000, and

Whereas, under the present tariff duties on men's leather gloves it has been possible for these concerns to manufacture men's leather dress gloves and compete in the domestic market with those of foreign manufacture and pay to resident labor American rates of wages, but under the present tariff duties on women's leather gloves it has been impossible for said concerns to manufacture women's leather dress gloves and so compete, with the result that a very small proportion of women's leather gloves are manufactured in said county or in the United States, and

Whereas, of the said 154 separate concerns there are more than 85 per cent rated at less than \$50,000 by R. G. Dun & Co. in their Mercantile Agency Reference Book for July, 1912, and 35 per cent thereof are rated therein at less than \$3,000, and

Whereas, there are in all 377 separate factories engaged in the business of manufacturing gloves, mittens, and gauntlets, as shown by the Census of Manufacturers for 1909, of which there are 458 proprietors and firm members and fully 80 per cent of which factories are owned and operated by individuals or copartnerships and not by corporations, and

Whereas, there are no leather dress gloves exported, and

Whereas, there is no concentrated ownership or monopoly in the manufacture of leather gloves in the United States and the industry is highly competitive, and

Whereas, the board of trade of the said city of Johnstown, Fulton County, N. Y., believes it to be vital to the interests of the entire population of the said city and of the said county that leather dress gloves shall continue to be manufactured therein and believes that any substantial reduction in the present tariff rates on men's leather gloves would be prohibitive to the continuance of that industry in the United States and that in equity the present rates on women's leather gloves should be increased so as to permit their manufacture in the United States,

Now, therefore, the board of trade of the city of Johnstown, Fulton County, N. Y., respectfully urges that the Ways and Means Committee of the House of Representatives give its careful consideration to the facts concerning the manufacture of leather gloves and incorporate in the tariff measure to be prepared and presented to Congress such rates of tariff duties upon both men's and women's leather gloves as will be competitive and permit their manufacture in the United States and thereby permit its one industry to survive for the support of the population of the said city of Johnstown and the said county of Fulton, N. Y.

PARAGRAPHS 453-459—LEATHER GLOVES.

BRIEF OF THE HENRY M. PEYSER CO., BOSTON, MASS.

BOSTON, January 28, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Regarding the duty or tariff on women's leather gloves. At the many hearings before previous committees of both Houses, Congress, Senate, and conference committees, it has been shown or testified to:

That the foreign labor cost to make any glove, whether made of so-called Schmaschen, lamb or kid skins (no matter where made, Germany, Austria, France, Italy, or elsewhere abroad), is between 8 to 10 marks per dozen in Germany and 10 to 12 francs in France, or in American money at the outside \$2.40 per dozen.

The duty on leather gloves under all specific tariffs has discriminated between the different leathers used, which has nothing to do with the labor cost, but such discrimination does play a role in favor of the foreign skin or leather merchant, as for example: The present tariff showed a reduction of \$0.50 per dozen on gloves made of Schmaschen—consequently Schmaschen gloves were advanced about 2 marks per dozen in Europe and at the present time, owing no doubt to the general belief or likelihood that the new administration will make some reductions in glove schedule under same classifications, Schmaschen gloves are advancing in price. The facts are that for a period of 25 years Schmaschen gloves have sold here for about the same money, and that is primarily because of our discriminating tariff as between leathers, and I venture to say, that should the new schedule allow Schmaschen gloves to come in free that the price of same would immediately advance in Europe so that landed here they would cost as much as at present, or in other words, the foreign leather merchant, not the glove manufacturer, would get the full benefit of our reduction in tariff.

I would respectfully submit for the consideration of the Ways and Means Committee, through you, that a fair, equitable, and collectable duty on all leather gloves would be \$2 per dozen, no matter from what leather made. In such case a merchant could and would buy gloves abroad for what the gloves were worth and not, as at present, where he is obliged to buy preferentials in tariff. Under a straight flat duty of \$2 or even \$2.50 per dozen on all leather gloves under 14 inches extreme length, and \$3 or \$3.50 for longer lengths. A merchant would then buy his gloves practically regardless of the tariff. That is, he would buy the best he could find for the money and his cost landed here in every case would be just plus the duty and he would not be concerned regarding any classification as to the origin of the leather.

It might be argued by some that it would be unfair to the poor to exact as much duty on low-grade gloves as on the best, but, in practice, they would not pay as much, as no merchants would buy a Schmaschen glove and pay as much as he does (as now in many instances) for Lambs because of the difference of \$1.25 per dozen in duty. In other words, Schmaschen would have to come down or they would not sell to the United States. Free trade England use very few Schmaschen gloves, because they have no discriminating tariff of a difference of \$1.25 per dozen in favor of Schmaschen, but do buy a better goods for the price United States pays for Schmaschen. In other words, a straight flat duty as suggested would put the United States on practically a free-trade basis, plus \$2 or \$2.50 per dozen, and the leather merchant would be obliged to sell low grades glove leather to meet competition and not as now, be able to hold up or advance same according as our tariff would discriminate.

On men's leather gloves the present duty is almost prohibitory. Imports will bear this out.

Yours, very truly,

JOHN A. ROSS, *Manager.*

BRIEF OF MARSHALL FIELD & CO., CHICAGO, ILL.

THE WAYS AND MEANS COMMITTEE,
House of Representatives.

GENTLEMEN: We come before your committee in the matter of duties upon leather gloves. We do not desire to make any recommendations as to the actual rates to be applied beyond suggesting a reasonable reduction, but do earnestly urge upon your committee the retention of specific duties upon these articles. The Wilson bill, enacted in 1894, first provided a complete schedule of specific duties upon leather gloves, which has been continued practically intact with varying amounts of duty during subsequent tariff acts. The revenues of the Government have been main-

PARAGRAPH 461—HARNESS AND SADDLES.

tained, collection of the duty made simple and easy, and an honest and equal assessment of duty levied upon all importers alike.

The extra duties of 40 cents per dozen pairs provided in this schedule for embroidery or special sewing should be abolished. The embroidery upon which this rate is levied costs in France 50 centimes to 1 franc (9.7 cents to 19.4 cents) per dozen and in Germany 50 pfennig (12 cents) per dozen more than the plain glove. The extra 40 cents duty is therefore equivalent to from 206 to 412 per cent. Piqué sewing costs in France from 1 to 2 francs (19.4 cents to 38.8 cents) per dozen, and in Germany 1 mark (24 cents) per dozen extra. The 40-cent duty is therefore equivalent to from 103 to 206 per cent.

We believe that the experience of the Customs Division of the Treasury Department will indorse to your committee our statements both with regard to the extra duties and the general benefits accrued from a schedule of specific duties upon leather gloves.

Respectfully submitted.

MARSHALL FIELD & Co.,
By THOMAS H. EDDY,
Attorney.

JANUARY 28, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman of Committee on Ways and Means, Washington, D. C.

DEAR SIR: We, the undersigned importers of Chicago, strongly urge the continuance of specific duties on kid and other leather gloves.

The ascertainment of foreign-market value of this merchandise is so difficult and uncertain that only by means of specific rates can uniformity of assessment be assured.

We also recommend that the cumulative or extra duties for stitching and embroidery on leather gloves in paragraph 459 of the present tariff be eliminated, as they are both unreasonable and unjust.

MARSHALL FIELD & Co.
JOHN V. FARWELL Co.
FRANCIS T. SIMMONS & Co.
CARSON PIRIE SCOTT & Co.
MANDEL BROS.
ROTHSCHILD & Co.
SIEGEL COOPER Co.
MAURICE L. ROTHSCCHILD.

PARAGRAPH 460.

Glove trunks, with or without the usual accompanying pieces, shall pay seventy-five per centum of the duty provided for the gloves in the fabrication of which they are suitable.

PARAGRAPH 461.

Harness, saddles, saddlery, in sets or in parts, finished or unfinished, thirty-five per centum ad valorem.

HARNESS AND SADDLES.**TESTIMONY OF B. W. CAMPBELL, CHAIRMAN WHOLESALE SADDLERY ASSOCIATION, CINCINNATI, OHIO.**

Mr. CAMPBELL. Mr. Chairman and gentlemen, ours is somewhat of a swan song. We are representing an industry that is having hard sledding, as it were, in order to keep ourselves above water.

We are confronted with new conditions, brought about by the inventive genius of man, bringing forward new methods of transportation for both man and merchandise to such an extent that it is curtailing the volume of business that we are doing, and it is hard for the capital invested in the business to receive returns in excess of 5 or 6 per cent on the investment. I say that, I believe, with sufficient knowledge of the facts to know that it is true.

PARAGRAPH 461—HARNESS AND SADDLES.

There have been liquidations in the business throughout the United States during the past year of not less than seven of the large manufacturing institutions. This has been brought about, as I have told you, because of mechanical power taking the place of horses, and of course our business has to do entirely with horses.

As I understand, this tariff revision has two objects: To reduce the cost of the article to the consumer and to get revenue for the Government. I am going to refer first to the revenue for the Government. All the importations of saddlery and harness into this country—and I come very, very nearly telling the facts exactly as they are when I say all—are used by the rich people. Nothing comes here from England, Germany, or France except the better classes of goods, such goods as men would buy even if the tariff duties were as they were under the old bill, 45 per cent. In fact, I think that the best interests of the Government would be served and that no one in this country would suffer any injury if the duty was 100 per cent on saddlery and harness. I am not trying to convince any man that believes in the doctrine of free trade that he is wrong. I myself believe in protection.

Mr. KITCHIN. Do you know any Members of Congress, except perhaps Mr. Henry George, of New York, that believe in free trade, or who have announced that they were free traders?

Mr. CAMPBELL. I would have judged yesterday that you were one of them.

Mr. KITCHIN. What indicated it?

Mr. CAMPBELL. You referred to great free-trade England as being a country in which there was such wonderful prosperity.

Mr. KITCHIN. I referred to free-trade England as a country of wonderful prosperity as well as to protective America, and said that it is not absolutely necessary to have a high, prohibitive protective tariff in order to make prosperity.

Mr. CAMPBELL. I want to say, in passing, that your remark is very encouraging to me. I will candidly say to you that I had that impression, and I am an old-line Democrat, born one and have voted for seven Democratic presidents, two of whom were elected. If the object of this committee is to put the tariff duties upon things that will bring no injury to the consumer and benefit the Government, I feel that we are safe; that there is absolutely no excuse or reason or rhyme why you should put saddlery and harness on the free list, as was proposed in the bill by Mr. Cox on the 30th day of January, and which the Democratic Party voted for.

Mr. KITCHIN. The fact is that you are a protectionist and claim that anybody who is in favor of reducing the tariff is a free trader?

Mr. CAMPBELL. No, sir; I do not believe that. But I could not help saying that anybody who wanted to put saddlery and harness on the free list would be a free trader.

Mr. KITCHIN. A free trader in saddlery and harness.

Mr. CAMPBELL. He is a free trader in everything, if you will study the situation as I know it to be.

Mr. KITCHIN. How much is the annual production of saddlery and harness in this country?

Mr. CAMPBELL. At least \$100,000,000.

Mr. KITCHIN. How much was imported last year?

PARAGRAPH 461—HARNESS AND SADDLES.

Mr. CAMPBELL. There was imported into this country last year probably \$600,000 worth.

Mr. KITCHIN. Made of leather?

Mr. CAMPBELL. Harness made of leather. There are lots of other things made of leather.

Mr. KITCHIN. I mean saddlery and harness.

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. Where do you get those figures?

Mr. KITCHIN. Only \$58,350 came in last year.

Mr. CAMPBELL. That came in from England.

Mr. KITCHIN. No. That came in from all the countries of the world according to the statistics. That is only one-fifteenth of 1 per cent.

Mr. CAMPBELL. The importations of saddlery and harness into this country in 1912 were \$58,000. You are correct. The imports for five years were \$403,000.

Mr. KITCHIN. Have you a 20 per cent tariff on it?

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. And we make here \$100,000,000 worth?

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. And we import from all the countries of the world about \$58,000 worth?

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. So out of every \$100 worth of saddlery and harness sold in this country the American harness and saddlery producers sell \$99 and about 99 cents' worth?

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. Yet a man who believes in putting them on the free list is a free trader in everything?

Mr. CAMPBELL. I say if he finds any excuse for putting this on the free list there isn't any reason why he shouldn't put everything on the free list.

Mr. KITCHIN. We get no revenue from it.

Mr. CAMPBELL. You would not get any——

Mr. KITCHIN (interposing). We are not losing anything by putting it on the free list.

Mr. CAMPBELL. If you put it on the free list it will come in.

Mr. KITCHIN. You are exporting saddlery to all the world; you are exporting two dozen times more than you are importing.

Mr. CAMPBELL. We were exporting mostly to noncompeting countries.

Mr. KITCHIN. What is a noncompeting country? Name one.

Mr. CAMPBELL. South America.

Mr. KITCHIN. Do you mean that South America does not compete with you in saddlery and harness?

Mr. CAMPBELL. It does in a manufactured way, but there are scores——

Mr. KITCHIN (interposing). What country does compete with you?

Mr. CAMPBELL. England.

Mr. KITCHIN. Has not England got free entrance into the South American markets like America has, and do you not compete in South America with England?

PARAGRAPH 461—HARNESS AND SADDLES.

Mr. CAMPBELL. In a way.

Mr. KITCHIN. You do it, do you not?

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. And England has a freight rate in her favor, too?

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. Yet, with that freight rate against you, you go down and compete with England and with all other countries in South America, and yet you are afraid to compete with England or any other country right here at your own door.

Mr. CAMPBELL. You are getting your knowledge from statistics.

Mr. KITCHIN. I am getting my knowledge from the facts.

Mr. CAMPBELL. No; you are lacking in this——

Mr. KITCHIN. (interposing). I am getting my knowledge from the statistics made up by the customhouse officers and the Department of Commerce and Labor, and you are getting your statistics made up by whom?

Mr. CAMPBELL. I am getting my knowledge from practical experience in endeavoring to get the business.

Mr. KITCHIN. What company do you represent?

Mr. CAMPBELL. I represent the Perkins-Campbell Co.

Mr. KITCHIN. How many million dollars' worth of saddlery and harness do you make a year?

Mr. CAMPBELL. Ranging from \$650,000 to \$800,000 per annum.

Mr. KITCHIN. Where do the most of your exports go, to Canada and South America?

Mr. CAMPBELL. None to Canada. The majority of it goes to the islands of the West Indies.

Mr. KITCHIN. How much of it goes to South America?

Mr. CAMPBELL. I would say that the only country in South America that we export into that amounts to anything is the Argentine Republic. We probably export \$20,000 a year to the Argentine Republic, but that goes to one man who happens to be an American.

Mr. KITCHIN. He is selling down there in competition with English firms and other firms, is he not?

Mr. CAMPBELL. Yes, sir. I will explain that. That firm introduced into that country American styles of buggies, which required differently made harness from that made in Germany or France; it is much lighter. Wherever a man can introduce an American buggy it is possible to introduce American harness even at a higher price than the English harness, because the English article is not fit for the American buggy. Up to this time they have never found it possible to get into this market and introduce their styles because the tariff regulations have kept them out.

Mr. KITCHIN. Can not the Englishman make styles to suit the South American people just as good as we can?

Mr. CAMPBELL. The great majority of styles are furnished by England in South America. We can only furnish such American styles as we can introduce by introducing American vehicles and machinery.

The CHAIRMAN. Mr. Campbell, if you want to finish your remarks you may go ahead. I would like to ask you some questions.

Mr. PAYNE. I think he ought to be allowed to answer Mr. Kitchin's questions in regard to these exports. He was about to make an

PARAGRAPH 461—HARNESS AND SADDLES.

explanation of them. I think he ought to be allowed to answer that question fully.

Mr. KITCHIN. I would like for you to answer it.

Mr. CAMPBELL. I have answered you, I believe, in regard to the Argentine Republic.

In Cuba, which is the largest export field we have, we sent last year into Cuba about \$109,000 worth of goods, which was practically 20 per cent of the whole exports. We have a preferential duty there of something like 15 per cent. Before we got that preferential duty Spain and France furnished 90 per cent of the imports of saddlery and harness into Cuba. When you gave us that preferential duty we have absorbed and have taken 90 per cent of the business of Cuba in this line of business. Before we annexed the island of Porto Rico we did not do 5 per cent of the saddlery and harness business; but now that we go in there under free trade and England, France, and Germany and other European countries pay the American duties, we do 95 per cent of the business of the island of Porto Rico. We do the same thing with the island of Hawaii.

The CHAIRMAN. Of course Porto Rico and Hawaii are American Territories.

Mr. CAMPBELL. Yes; but they were not prior to the Spanish-American War. Before the Spanish-American War we went into Porto Rico on the same basis with England, France, and Germany, but they took the business; at least they took 95 per cent of it. If you put those islands on a free-trade basis now those people who are consuming large quantities of saddlery of American make will go back again to the Spanish and French makes, because the people are accustomed to those kinds and styles of goods which are made in Spain and France.

The CHAIRMAN. That is a very pertinent proposition, and I want to find out about it. I have no desire in the world to take the bulk of the American market away from your industry.

Mr. CAMPBELL. I do not believe you have.

The CHAIRMAN. But I do want to have a reasonable amount of importation coming in so that we can get some reasonable revenue. If we can not do that; if I am only protecting your profits and nothing else, I would put it on the free list. That is the way I feel about it.

Mr. CAMPBELL. We are not here asking any protectionist profits.

The CHAIRMAN. Were you not here four years ago?

Mr. CAMPBELL. No, sir; some of my men were. I was not.

The CHAIRMAN. What was the name of the gentleman, do you remember?

Mr. CAMPBELL. It was Mr. Cooper, of Chicago, who spoke for the industry.

The CHAIRMAN. My recollection is that at that time you also protested against a reduction of the rate on saddlery. Is not my recollection correct?

Mr. CAMPBELL. I suppose they did; yes, sir. I did not.

The CHAIRMAN. My recollection is you did, and that you insisted it would be ruinous to the business if it was reduced.

Here is what I want to call to your attention. At that time, in the first place, harness and saddles—I want the record to show correctly—

PARAGRAPH 461—HARNESS AND SADDLES.

of saddler and saddlery there were imports of \$58,000 last year, and of all other harness, saddles and saddlery, there was \$32,000, but the total as shown by the Government figures of all imports of harness, saddles and saddlery, in sets or parts, finished or unfinished, included everything in your industry, in 1905, under the Dingley bill, amounted to \$203,624; in 1910, the first year under the Payne bill, it amounted to \$104,826; in 1911, it amounted to \$110,007; in 1912, it amounted to \$90,821. That is a total of all imports under this schedule.

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. The imports for this year, according to the Government report, amount to \$788,374, with a total production in the United States of \$54,224,000. Here is what I want to ask you. Under the 45 per cent tariff the imports amounted to \$203,000, and with that condition existing your industry, not yourself, appeared before this committee and protested against a reduction from 45 per cent, because it would be injurious to the business. The Payne committee reduced it to 20 per cent, 20 and 35 per cent ad valorem, according to the class of harness. That made a considerable reduction, and in the face of that reduction the amount of imports gradually decreased.

Mr. CAMPBELL. I think I can answer that to your entire satisfaction.

The CHAIRMAN. I would like to hear your answer.

Mr. CAMPBELL. The imports of saddlery and harness are confined to the fine articles. The men that have been buying the fine coach harness and fine riding saddles in England have within the past two or three years gone to riding in automobiles. They do not buy the fine articles. In the city of New York, in the city of Chicago, and in your own city, Birmingham, there is not one fine coach harness sold now where there were 10 sold four or five years ago. The real cause for the reduction of the amount of importations of saddlery and harness into this country has been because the rich people are not buying those fine articles.

The CHAIRMAN. Yes; but the American production of those articles increased in the course of five years from \$42,000,000 in 1905 to \$54,000,000 in 1910, an increased production of articles under this classification of \$12,000,000 in five years, or nearly 25 per cent.

Mr. CAMPBELL. I am not clear in my mind as to what those statistics take in. If they refer only to the wholesale branch of the industry, I think that those figures should be correct; but if they refer to the entire production, including all the little retail harness shops, of which there are 25,000 scattered throughout the United States, I would not question the records of the United States Government; but I would like to know if they do include the small harness makers scattered in every hamlet, every town, and every community throughout the country.

The CHAIRMAN. I am not an expert in the taking of a census, Mr. Campbell. I understand when they take an industrial census they appoint a man in each district to take the entire industrial census. I presume that they take every industry.

Mr. CAMPBELL. It appears to me, from my knowledge of the business, as being an awfully small sum. I happen to know that there are about 25,000 retail harness shops, and if they were only doing

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\$50,000,000 they would not do a business of over \$2,000 on an average per annum.

The CHAIRMAN. If there is a larger amount of production it makes the percentage of imports less.

Mr. CAMPBELL. What I am trying to impress upon the committee is this: No revenue can come from free trade. It would not be of any benefit to us. Mr. Taft, the President, called me up over the telephone at that time and asked me what I thought would be a sufficient protection under the Payne bill for saddlery and harness. I told him that 20 per cent as a protective duty was as good as 500 per cent.

Mr. KITCHIN. Was that before the Payne bill was passed?

Mr. CAMPBELL. Yes, sir; that was before the bill passed.

Mr. KITCHIN. They adopted what your industry asked for?

Mr. CAMPBELL. Yes; he then telegraphed the president of the association wherein he said that I had said 20 per cent was enough protection and wanted to know if he would affirm it, and he did.

Mr. KITCHIN. That was communicated to the Ways and Means Committee—

Mr. CAMPBELL (interrupting). That was the conference committee. The night we got that telegram the conference committees were to meet the President at the White House at a supper.

Mr. KITCHIN. They adopted the rate which you suggested?

Mr. CAMPBELL. They adopted that 20 per cent, which we claim does make up the difference between the cost of labor, but that it does not any more than make it up.

The CHAIRMAN. In other words, you regarded a rate of 20 per cent as prohibitive as a rate of 45 per cent, and you were right about it.

Mr. CAMPBELL. Yes, sir; it is just as good at 20 as it is at 45, but it is better for the Government at 45, because the rich men buy the goods.

The CHAIRMAN. We are not going to write a prohibitive tariff.

Mr. CAMPBELL. I do not believe you will put our industry on the free list if you do not.

The CHAIRMAN. Let me ask you if we put this on the free list, would there be any material increase of importations?

Mr. CAMPBELL. Of course, I must say it would be unwise to reduce it. I do not think you would increase the importations of saddlery and harness so awfully much if you should happen to put it at 15 per cent. If you will permit me to give you an illustration of how I think it would affect us, I will refer to one thing that was put into the Payne-Aldrich bill. They put leather made of sheepskin at 5 per cent. If that rate had stood at 15 per cent, we could not have bought that article in France. The result is that my individual firm has not bought an American sheepskin since the Payne-Aldrich bill. We went into France and bought our sheepskins, and we bought our shearings—what we call shearings is part of the little wool left on top that we use to line saddles, etc. We are now buying all of the sheepskins in France.

The CHAIRMAN. Under those circumstances the Payne-Aldrich bill practically gave you a very great reduction on your raw materials, but still left you a prohibitive rate on your finished product?

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Mr. CAMPBELL. You realize that sheepskins are a peculiar article. They are raised in the mountains of France. It would not apply to the small tanners. The reason I referred to that article was that you have got it down under a rate of 5 per cent and it enabled us to buy it abroad and close up the tanners of the United States from making these articles. If you put saddlery down where the importations can come in, and where the English maker has an advantage of us of even 3 per cent in the value of his labor, a man like myself will go over there and buy all these goods. They need not come to us. We will hunt them; we will be hunting them all the time.

The CHAIRMAN. If the American producer of any article, saddlery or anything else, has 95 per cent of the American market and the importations amount to 5 per cent, you do not say, under those circumstances that the American industry would be destroyed or ruined, do you?

Mr. CAMPBELL. I do not say you are going to ruin me.

The CHAIRMAN. I mean it would not ruin the industry?

Mr. CAMPBELL. I will say that you will do the manufacturing industry an injury if you get below the point where it can be imported.

The CHAIRMAN. My question is that if we let in 5 per cent in imports, it is not going to ruin the saddle industry, is it?

Mr. CAMPBELL. Not if we imported only 5 per cent it would not.

The CHAIRMAN. If we allowed only 5 per cent in imports to come in there would be, under this great volume of business done, even if it is only fifty-odd millions, we would have an opportunity, if any amount came in, or 5 per cent came in, to raise some reasonable amount of revenue for the Government.

Of course, our friends on the other side look at the question differently. They are protectionists. We will stand for a revenue tariff, and a revenue tariff must of necessity contemplate that some revenue must be raised from an article or it is not within our principle; and that means that there must be some reasonable competition. On any article where, by the last principle, there could be no revenue because there would be no competition, there is nothing for us to do but to put it on the free list, because otherwise we would be protecting profits, a thing we do not stand for. I have no desire in the world to injure your business or anybody else's business. I believe the commission that I hold requires me to reduce to a reasonable competitive rate everything in this bill.

Mr. CAMPBELL. I believe you have gone the limit in the saddlery business. You must remember that you reduced the duty from 45 to 20 per cent on our industry years ago.

Mr. KITCHIN. I understood you to say awhile ago—but whether you said it or not, it is a fact—England is your great competitor in harness. She is a great leather-producing country.

Mr. CAMPBELL. I say she would be our very great competitor under a free-trade doctrine.

Mr. KITCHIN. She is a great leather-producing country like America.

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. I believe you said that these imports that come in constitute the high-class harness and saddlery that the rich people buy?

Mr. CAMPBELL. Yes, sir.

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Mr. KITCHIN. So that on all the millions of dollars' worth of harness and saddlery that the farmers and the ordinary men throughout the country buy the rate is practically prohibitive now, is it not?

Mr. CAMPBELL. I say the protection is sufficient to keep them out.

Mr. KITCHIN. To keep them out. Then your idea, like my friend Mr. Fordney and some of the other gentlemen over there, is that real protection is a duty high enough to keep them out entirely?

Mr. CAMPBELL. Yes, sir; that is my idea.

Mr. KITCHIN. I believe you said you could go into Cuba because you have a preferential rate there and could compete with England, and that you got most of the trade in saddlery and harness. How about Canada? Canada has a preferential rate of 33½ per cent against us.

Mr. CAMPBELL. Yes, sir.

Mr. KITCHIN. Let us see how we stand there.

Mr. CAMPBELL. I do not believe outside of such harness that is bought by immigrants that go into this Northwest Territory, who have been passing through, as they have been, in large numbers during the last five years, going into that great Northwest Territory to open it up, they would stop in our northern cities, such as Seattle, Tacoma, St. Paul, and Minneapolis, and buy their harness. There has been several hundred thousand dollars worth of harness bought and carried into Canada by these people.

Mr. KITCHIN. Also in eastern Canada?

Mr. CAMPBELL. I do not believe there has been much in eastern Canada.

Mr. KITCHIN. The facts are and the statistics will show that we exported into Canada with a preferential tariff of 33½ per cent against us, in competition with England, four times as much saddlery and harness as England exported into Canada.

Mr. CAMPBELL. That is all because of what I told you.

Mr. KITCHIN. I think if you will look it up you will find——

Mr. CAMPBELL (interrupting). No, sir; I will say, gentlemen, that I scour this world for business. I go everywhere where there is a possibility of getting business. I can not get any business in Canada.

Mr. KITCHIN. Great Britain has gotten very little trade in Canada.

Mr. CAMPBELL. Nobody can get much. Canada is a protective country. They make it themselves. The largest harness manufacturers in the world are in Canada.

Mr. KITCHIN. They have a high protective rate on it, too.

Mr. CAMPBELL. Certainly they have; they take care of their industry.

Mr. KITCHIN. Do you know that we export into Canada, in spite of the large saddlery and harness factories that you say she has, and in spite of this high protective duty, ten times more than Canada exports into this country, with a lower tariff to get into this country than we have to pay to get into Canada?

Mr. CAMPBELL. I do not believe there would be a vast amount of harness that would come into this country from Canada under free trade, because the labor in Canada, while it may be a little cheaper, it is not enough cheaper for it to be an embarrassing factor. But these large importations of harness that you are talking about as having gone into Canada have gone in because of the reason I have

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given you; the emigrants have taken it there. I know that the men who have gone into that country have passed through those towns and have bought their equipments to take along with them. We have a man in this room from Detroit, Mr. Armstrong, who is right on the borderland of Canada, and he can not sell any harness in Canada. If I was making a free-trade or a protectionist speech I would say it would be the height of folly to let Canada come in here while she has a tariff duty against us.

Mr. KITCHIN. She can not come in here at all. We are paying a heavy duty on harness, and going into Canada and selling \$10,000,000 more to Canada than she is selling to us.

Mr. CAMPBELL. Canada can not sell us anything under a protective duty of 20 per cent.

Mr. KITCHIN. Then how can we sell her under a duty of more than 20 per cent?

Mr. CAMPBELL. Just as I told you. The emigrants take it there. That is the way it is done, and it is not done in any other way. I have a man who travels along the St. Lawrence River. He will go over to Montreal and he can sell an American stock saddle or maybe two or three or something like that that is a novelty, but as an article of merchandise he can not get into that market. I have gone there and gotten their samples and brought them down home and undertaken to make them, and every time it was a failure.

Mr. KITCHIN. If we should put saddlery and harness on the free list, how much do you think you would have to cut your price on harness?

Mr. CAMPBELL. For this country?

Mr. KITCHIN. Yes.

Mr. CAMPBELL. Not one dollar.

Mr. KITCHIN. You would not cut the price at all?

Mr. CAMPBELL. Not one dollar.

Mr. KITCHIN. Then how are you going to be hurt?

Mr. CAMPBELL. I will sell less; I will buy some in England, and if I can not do it that way ultimately I will cut my labor. There is not 5 per cent in my business to-day on the money that I have invested in it.

Mr. KITCHIN. How much have you cut your labor since the tariff was reduced in 1909 from 45 per cent to 20 per cent?

Mr. CAMPBELL. It is ample. I do not want any better protection than 20 per cent.

Mr. LONGWORTH. You have not cut your labor?

Mr. KITCHIN. Have you cut your labor at all?

Mr. CAMPBELL. No, sir; we have advanced it.

Mr. KITCHIN. Although your duty has been reduced over 50 per cent you have advanced your labor?

Mr. CAMPBELL. Yes. As I told you, the articles that come in here were the fine articles used by gentlemen who do not care what they pay for them.

Mr. KITCHIN. Your labor belongs to the union does it not?

Mr. CAMPBELL. No, sir.

Mr. KITCHIN. Have they any kind of organization through which to strike or demand higher wages?

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Mr. CAMPBELL. We have had four of them. They have gone through blood to get their wages; but that is what labor has to do all the time.

Mr. KITCHIN. Do you mean to say that under a high protective tariff that you have had for the last 20 years, all written and asked for in the name of labor, that your labor has had to go through blood to get a little increase in wages?

Mr. CAMPBELL. Yes, sir; and it will go through blood before we can reduce it.

Mr. KITCHIN. In these times of the high cost of living—

Mr. CAMPBELL. That is the history of labor, and we can not change human beings now.

Mr. KITCHIN. You have never given them any increase until they have sweated a little blood and demanded it. You are very candid about that, and I think you are right about it. I think you are telling absolutely the truth about that.

Mr. HILL. On what do they pay 35 per cent duty now?

Mr. CAMPBELL. On saddlery and harness in part or whole—20 per cent duty.

Mr. HILL. There are two classes under the schedule, one adopted by the conference committee, which cut it to 20 per cent, and then paragraph 461, which does not require that they shall be composed wholly or in chief value of leather, with a duty of 35 per cent. So there are evidently two importations and the records show that importations are now being made under both—

The CHAIRMAN (interposing). Mr. Hill, I think the provision was—I am not sure about it, but I think it provided that on and after October 1, 1909, it should be 20 per cent. Before that time it was 35 per cent.

Mr. CAMPBELL. Yes, sir.

Mr. HILL. It is all 20 per cent now. We will omit the question of revenue because we can get the revenue in other ways. I think it was intended to put these articles on the free list. I think it was honestly intended just as I think the bills introduced by the Republicans were honestly intended to pass. I am not willing to put the President of the United States in the position of saying that he was ready to sign a bill which he did not think was right, and I think that both parties were honest in their action in the last session of Congress.

If these articles were put on the free list, does it not put you in the position of paying duties, either for revenue or protection, I do not care which, on your raw materials, and having your finished product on the free list?

Mr. CAMPBELL. I will say that you are not going to be cruel enough to do that.

Mr. HILL. But wouldn't it do that?

Mr. CAMPBELL. If you put my finished article on the free list and my raw materials upon the protection list—although fortunately there is not a great amount of it—I will be out of the market.

Mr. HILL. What is your pigskin dutiable at?

Mr. CAMPBELL. Pigskins I buy under this 5 per cent duty in Germany.

Mr. HILL. You buy them under a duty of 5 per cent?

Mr. CAMPBELL. Yes, sir.

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Mr. HILL. What is the padding or lining? Is that wool?

Mr. CAMPBELL. In the saddle business there is nothing used in the nature of wool in the linings; it is what we call linsey, that is made especially in this country. I do not think it is made anywhere else at all. There is the cotton goods——

Mr. HILL (interposing). Those are all dutiable?

Mr. CAMPBELL. Then the felts.

Mr. HILL. Felts are dutiable at a very high rate?

Mr. CAMPBELL. Yes, sir.

Mr. HILL. All of those things are dutiable. Every article that goes into a saddle, the buckles, the metallic trimmings, and every single, solitary thing, even the thread, is dutiable.

Mr. CAMPBELL. Yes, sir. Thread is a very important item.

Mr. HILL. Then would it be fair to put the finished product on the free list?

Mr. CAMPBELL. I do not believe I ought to have to answer that question. I know it would not be fair, and I know that everybody here knows it would not be fair.

Mr. HILL. Would it not be simply fair to put on the finished product at least a compensatory duty for the duties which you have to pay on the raw materials?

Mr. CAMPBELL. Yes, sir; certainly.

Mr. PAYNE. This dispatch which you said that you sent to the President when the conference committee was in session. I was one of the conferees, and I never heard of it before.

Mr. CAMPBELL. They had a supper.

Mr. PAYNE. At that time the people engaged in your business were contending that a much higher rate of duty than 20 per cent was necessary to protect the industry.

Mr. CAMPBELL. Yes, along the Atlantic coast they did say so, and I think they were right. And possibly the people down along the Gulf said that, and I think they were right.

Mr. PAYNE. This dispatch was in answer to one that the President sent you?

Mr. CAMPBELL. The President's secretary called me by telephone.

Mr. PAYNE. And asked you if 20 per cent would be sufficient protection? Was that the question that was asked you?

Mr. CAMPBELL. No, sir; he asked me what protection in my mind would make up the difference in the cost of labor, and I said 20 per cent.

Mr. PAYNE. That is what the telegram was?

Mr. CAMPBELL. Yes, sir.

Mr. HILL. But you did not include the duties on raw material in that 20 per cent?

Mr. CAMPBELL. No, sir. As I said, we would necessarily have to have a higher rate than 20 per cent in my industry in order to keep the industry up——

Mr. KITCHIN (interposing). What part of your finished product constitutes labor?

Mr. CAMPBELL. Do you mean after the material reaches you?

Mr. KITCHIN. After you have finished the product and have it ready for sale what part of that is labor?

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Mr. CAMPBELL. I can answer that. Out of a business of \$700,000 per annum the labor cost is \$110,000.

Mr. KITCHIN. Do you mean that is the amount of wage earnings?

Mr. CAMPBELL. Yes; for the wage earners in my factory. That is for the men in the factory.

Mr. HULL. That does not include salaried men?

Mr. CAMPBELL. That does not include executive officers or clerks or the expense account. The expense account is a separate account from the manufacturing account.

Mr. HILL. The clerks are just as much a part of the labor as the men that sew the leather.

Mr. CAMPBELL. I do not think that enters so much into the selling price of the article, although I might say that it costs us 50 per cent more to do business in this country, through our clerical departments and through our investments, than it does in England.

The CHAIRMAN. According to your statement, in your business 13 per cent of your cost is the actual labor cost?

Mr. CAMPBELL. Thirteen per cent is the average, 110,000 out of about 700,000.

Mr. LONGWORTH. You are including in that your selling expenses, are you not?

Mr. CAMPBELL. No; I am not including the selling expenses. That is the actual cost of production.

Mr. LONGWORTH. The factory cost of production?

Mr. CAMPBELL. Yes.

The CHAIRMAN. What is the difference in labor cost between this country and Europe?

Mr. CAMPBELL. I have sworn affidavits; I have made personal investigation of it, and I know that the Government has, and it is from one to two times greater here than in England. The wages range in England from \$6.25 to \$8.25 and they range here from \$17 to \$20 for the same men on the same class of goods.

The CHAIRMAN. The difference in the labor cost is 13 to 14 per cent?

Mr. CAMPBELL. It is from \$1 to \$2 more—

Mr. LONGWORTH. It is 15 per cent, is it not?

The CHAIRMAN. I am talking about the labor cost in his factory. It is not as much as 15 per cent.

Mr. CAMPBELL. My pay roll in England would only be \$55,000 for that same set of men.

The CHAIRMAN. \$55,000 against \$110,000. Then you would pay \$2 here where you would pay \$1 there?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. Then your total labor cost is not 15 per cent of the cost of your product?

Mr. CAMPBELL. No, sir.

The CHAIRMAN. Then 14 per cent would cover the difference in your wage scale, would it not?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. That would be 7 per cent?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. And you are contending for 20 per cent to cover that difference, according to your own statement?

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Mr. CAMPBELL. No, sir. If I could purchase the same amount of goods for \$55,000 that I now pay \$110,000 for, I would have \$55,000 profit to put in my own pocket, which is just twice as much profit as I make. You may figure it all you want to.

The CHAIRMAN. You said you wanted this to protect your wage scale. According to your own statement, Mr. Campbell, you say that the labor in your business would cost you \$110,000, and that the same thing in England would cost \$55,000. That is as one is to two. Taking your own figures, your percentage of labor cost is about 14 per cent?

Mr. CAMPBELL. Yes.

The CHAIRMAN. Then the difference in the labor cost would be one-half of 14 per cent, or 7 per cent?

Mr. CAMPBELL. I see where you are off.

Mr. PAYNE. All these materials you use are the products of labor, are they not?

Mr. CAMPBELL. Why of course.

Mr. PAYNE. The products of labor run through the whole thing?

Mr. CAMPBELL. Through the whole scale.

Mr. PAYNE. So, when you have finished the harness the labor involved in it from the time you get the leather or the iron, etc.—from the time it is made it involves a much larger percentage of labor, does it not, on your finished product, to make it all the way through?

Mr. CAMPBELL. Exactly; from the iron clear through.

Mr. PAYNE. Then the cost of labor gets to be 70 or 80 per cent of the finished product, does it not?

Mr. CAMPBELL. I do not know the percentage.

Mr. PAYNE. Your raw materials and your finished product are dutiable?

Mr. CAMPBELL. Yes.

Mr. PAYNE. They have a protective tariff upon them to cover the difference in the labor cost?

Mr. CAMPBELL. Yes.

Mr. PAYNE. So that when you get 20 per cent you are not getting half of the labor cost?

The CHAIRMAN. Of course, Mr. Campbell, you do not agree; you are too candid a man to agree with what Mr. Payne has said. So far as your industry is concerned you are counting into the labor cost what you are paying for raw material; you are counting that in your industry as the material cost, are you not?

Mr. CAMPBELL. Yes.

The CHAIRMAN. Of course the balance of the material comes in in another way, but the labor cost that we are talking about is the labor cost in your own factory. Of course you agree to that?

Mr. CAMPBELL. Yes, sir; I do.

The CHAIRMAN. Now, let us come down to the other proposition; let us come down to the material. Of course somebody else pays the labor cost on them. What is the difference in the cost of your material here and the material in the English factory?

Mr. CAMPBELL. Do you mean the raw material?

The CHAIRMAN. The material you use.

Mr. CAMPBELL. On threads the English factory has the advantage of the duty.

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The CHAIRMAN. What percentage of thread is used in your product?

Mr. CAMPBELL. I would say, offhand, that our thread bills were about \$10,000 a year.

Mr. KITCHIN. For all of this \$700,000 worth of product?

Mr. CAMPBELL. That is the selling price of the product.

Mr. KITCHIN. I understand.

The CHAIRMAN. Thread would be \$10,000?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. What is the next item?

Mr. CAMPBELL. Leather.

The CHAIRMAN. Is that pigskin leather mostly?

Mr. CAMPBELL. Oh, no; harness leather and skirting. We buy \$100,000 worth of harness leather and skirtings, and about \$5,000 worth of pigskin.

The CHAIRMAN. What is the difference between the cost of that leather here and the cost to your English competitor?

Mr. CAMPBELL. There isn't any difference in harness leather in England I am told. In Canada it is about 5 per cent cheaper, owing to their methods of cheaper bark and the means that they have now for making it. But my experience has been that harness leather is no cheaper in England than it is here.

The CHAIRMAN. In other words, there is no difference in the leather cost. In your total production of \$700,000, how much of that represents the cost of leather?

Mr. CAMPBELL. It would be between two hundred and fifty and three hundred thousand dollars; two hundred and fifty thousand I should say. Add labor to that and it would be \$350,000, and the balance would be the other raw materials.

The CHAIRMAN. What other raw materials do you use besides thread and leather?

Mr. CAMPBELL. Saddletrees.

The CHAIRMAN. Is there any difference in the cost of saddletrees between here and England?

Mr. CAMPBELL. If we could buy the English saddletree we could buy them cheaper than we can in this country—a good deal cheaper. They sometimes import certain grades and pay the duty. Rings and chains are cheaper in England.

The CHAIRMAN. How much does that amount to on saddletrees?

Mr. CAMPBELL. Fifteen to twenty thousand dollars a year.

The CHAIRMAN. What is the difference that you have to pay as compared with the English saddletrees?

Mr. CAMPBELL. About \$2 a dozen-trees, or about 16½ cents a saddle.

The CHAIRMAN. Sixteen and two-thirds cents a saddle. In percentages that is only 2 or 3 per cent.

Mr. CAMPBELL. It is not a large item.

The CHAIRMAN. Only 2 or 3 per cent difference in the cost of saddletrees between this country and abroad?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. What is the difference in the cost of chains?

Mr. CAMPBELL. I do not know. A great many trace chains and other kinds of chains were imported in years past and paid the duty, and the same with wrought rings. They have paid the duty on them, especially in specific cases where they would get them around

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by water. If they had to pay much rail transportation they could not do it.

The CHAIRMAN. Can you get chains practically as cheap in this country as you can in England?

Mr. CAMPBELL. That was not so three or four years ago. But we are not large handlers of chains, and I am not well posted.

The CHAIRMAN. That is not a very material item.

Mr. CAMPBELL. No.

The CHAIRMAN. Is there anything else that makes a difference in cost here and abroad?

Mr. CAMPBELL. I have named the principal items. There is saddle hardware, which means buckles, rings, rosettes, and bits—and by the way, we import all of our fine bits. Then comes leather, thread, felts and hair, and things of that kind.

The CHAIRMAN. What percentage of hair and felt is used in the business?

Mr. CAMPBELL. A very small percentage of it.

The CHAIRMAN. The difference in cost of those items does not make very much difference?

Mr. CAMPBELL. In our industry it would not amount to much, but it would affect one or two factories here that make nothing but fine goods.

Mr. PAYNE. Do not drop out of the hardware.

Mr. CAMPBELL. There are hames. The English style of hame is a fine article, and the American can not compete with it—

The CHAIRMAN (interposing). Is the hardware in a set of harness a very material part of the cost?

Mr. CAMPBELL. In the fine goods?

The CHAIRMAN. I mean in the average run of goods.

Mr. CAMPBELL. In the American form of harness, including hames, saddlery, and hardware, worth \$30, I would say that the hardware was \$4.50 or \$4.

The CHAIRMAN. Is there much difference in the cost of that hardware between here and England?

Mr. CAMPBELL. Yes, sir.

The CHAIRMAN. How much?

Mr. CAMPBELL. I will give you an illustration. I know in Montreal—I know you could import and pay the Canadian duty on a buckle—you would not know it by numbers, but some of the gentlemen here will—that will take the place of a 52-roller buckle in the United States. They will be sold at Montreal at 1 cent above what the most reliable firm in this country tells me it costs them.

The CHAIRMAN. We want to get the difference in cost. I want to know the difference in the hardware cost here and abroad.

Mr. CAMPBELL. You mean counting the duty?

The CHAIRMAN. Yes, counting the present duty.

Mr. CAMPBELL. I do not think with the 20 per cent duties there would be but very little difference, although we are willing to buy them in America if we can buy them at the same price.

The CHAIRMAN. You think that most of the difference in the hardware cost is the duty?

Mr. CAMPBELL. Yes, sir; that is the only thing that keeps us from buying large quantities of that hardware in England.

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The CHAIRMAN. When you come down to it, the material difference in the cost of production here and abroad is your labor?

Mr. CAMPBELL. The labor, yes, sir; the main thing is the labor.

The CHAIRMAN. In your factory about 7 per cent would cover the difference between the labor cost here and abroad?

Mr. CAMPBELL. I do not think so. You may have figured it so, but I do not think so.

The CHAIRMAN. The total labor cost is 14 per cent and the difference is as one is to two—

Mr. CAMPBELL (interrupting). I know one thing, Mr. Underwood, and that is if I had an opportunity to go to a town or a city where I could get labor for \$55,000 a year cheaper than I am getting it now, I will hustle into that town pretty lively, and I would go there and carry on my business. I believe we could do it in England, but I am too old for that now. I believe it would be a strong temptation; the capital invested would be less, and everything would be an advantage to the manufacturer in that country.

The CHAIRMAN. You see what I am trying to get at, after stating the facts, and that is that these import figures in comparison with the American consumption convince me that you have not a competitive rate. I have been trying to find out from you where the competitive rate lies, if there is any. The purpose of my questions has been to find out where the pressure lies on your business.

Mr. HAMMOND. You said that you had traveling men in Central America and South America and a great many other places?

Mr. CAMPBELL. Yes, sir.

Mr. HAMMOND. That entails a great deal of expense, does it not?

Mr. CAMPBELL. Yes, sir; sometimes it is a very heavy loss.

Mr. HAMMOND. That expense is paid out of that \$700,000?

Mr. CAMPBELL. I haven't any other place to pay it from. I make my business pay its own expenses.

Mr. HAMMOND. Then that \$700,000 includes all the expenses of marketing your product?

Mr. CAMPBELL. The \$700,000 is my gross sales.

Mr. HAMMOND. Will you please state what proportion of the \$700,000 is the factory cost of making the harness and saddlery that you sell?

Mr. CAMPBELL. \$110,000 a year.

Mr. HAMMOND. In addition to your labor cost?

Mr. CAMPBELL. No; that is the cost in the factory. The biggest cost I have is labor. I may have some heat and power.

Mr. HAMMOND. You have material?

Mr. CAMPBELL. Yes.

Mr. HAMMOND. And you have bookkeepers and salesmen and all that. I want to know how much of this \$700,000 is the actual cost to you of the goods that you sell for \$700,000?

Mr. CAMPBELL. My administration expenses, including power, heat—not interest on money, because I am speaking individually now. We own our plant, and there is no interest paid—but the cost of conducting the administrative part of my business including heat, coal, and power, light, bookkeepers, president, vice president, secretary and treasurer, and so forth, is \$105,000 a year.

Mr. HAMMOND. That includes heat and light, does it?

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Mr. CAMPBELL. Yes; that includes everything. That is my expense account on this book right here. It does not make any difference what it is—traveling expenses, commissions paid to my traveling men, taxes to the United States Government and taxes to the State of Ohio, and every expense of every nature—it is \$105,000 a year.

Mr. HAMMOND. \$105,000 a year?

Mr. CAMPBELL. Yes. That is for 1912. Sometimes it varies.

Mr. HAMMOND. How much of that \$105,000 includes your heat, light, and taxes?

Mr. CAMPBELL. My taxes to the United States Government this year will be \$250; my taxes to the State of Ohio will be \$500 and my taxes to the city of Cincinnati will be about \$3,000. My heat is \$1,200. My power and my light, which I get from the city of Cincinnati, is \$140 a month.

Mr. HAMMOND. Then, \$5,000 would about cover those items?

Mr. CAMPBELL. No; it is more than that; it is probably \$8,000.

Mr. HAMMOND. Then you have made your saddlery and harness and paid all your bills, except the selling expenses and the expenses of the officers, there would be about \$600,000—

Mr. CAMPBELL (interrupting). Do you mean my income?

Mr. HAMMOND. No; I mean the factory cost of making your yearly product.

Mr. CAMPBELL. Not the cost. I am selling those goods at a profit.

Mr. HAMMOND. I said about \$600,000.

Mr. CAMPBELL. I would not have made any profit if they cost me \$600,000 and I sold them for \$700,000. I have got to make some money or else I might just as well quit the business.

Mr. HAMMOND. Can you state about what sum of money less than \$700,000 represents the exact factory cost of making your yearly product?

Mr. CAMPBELL. The factory cost not counting profit?

Mr. HAMMOND. Not counting selling expense.

Mr. CAMPBELL. In order to arrive at that, you have got to take what I got for it. Then you must know what profit I make and deduct that, and then you know what the cost is.

Mr. HAMMOND. What I am interested in knowing is how much this annual product would cost to make less the selling expenses?

Mr. CAMPBELL. Less my whole expense?

Mr. HAMMOND. And less your profit.

Mr. CAMPBELL. Less my profits? Put it down at \$700,000. Put it down at about \$525,000.

Mr. HAMMOND. The labor cost is \$110,000?

Mr. CAMPBELL. Yes; I think you have it about right.

Mr. HAMMOND. So that the percentage of labor in your finished product should be based, not upon \$700,000, but upon \$550,000?

Mr. CAMPBELL. That is right.

Mr. LONGWORTH. That is merely the question I asked you a moment ago. I asked you if that \$700,000 included the selling expenses, and you said it did not.

Mr. CAMPBELL. Understand, Mr. Longworth—

Mr. LONGWORTH. What I am trying to get at is the actual factory cost of production and not the cost of marketing.

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Mr. CAMPBELL. The cost of production, as near as I can get at it in round figures for \$700,000 worth of goods, would be \$525,000.

Mr. HAMMOND. Now, then. At that ratio, your labor cost instead of being 14 per cent would be 20 per cent?

Mr. CAMPBELL. Yes, sir; that is what I said. The gentleman was mistaken in his figures.

Mr. HAMMOND. One-half of that is the difference between what you claim is the labor cost in England and the labor cost here, and is 10 per cent instead of 7 per cent. The difference in the cost of labor would be 10 per cent, according to your statement.

Mr. CAMPBELL. Figuring it down to the last analysis that might possibly be true; but you would be very close to a citadel.

Mr. HAMMOND. We want to get as close to the citadel as we can get.

Mr. CAMPBELL. You will find that men like myself would be very much tempted to go across and buy a lot of stuff.

Mr. HAMMOND. According to your own figures, instead of 7 per cent, the difference would be 10 per cent?

Mr. CAMPBELL. Yes, sir.

Mr. HAMMOND. Can you state what proportion of that \$550,000, how many dollars of that is expended for material that you put in your saddlery and harness?

Mr. CAMPBELL. If you will deduct \$110,000, you will have it exactly. Everything is material but the labor.

Mr. HAMMOND. There are some operating expenses—heating and lighting.

Mr. CAMPBELL. That is the expense account. That is another account altogether.

Mr. HAMMOND. I think you testified that was about \$5,000.

Mr. CAMPBELL. I said nearer seven or eight thousand dollars would be right. You might as well put a lot of other items in the expense account as well as the ones we have named. An expense account is an expense account, and it does not make much difference what you put in, as long as it is an expense; it is gone, and you can not get it back again.

Mr. HAMMOND. Would the material that you put into your product, which you manufacture for \$550,000, amount to about \$400,000—

Mr. CAMPBELL (interrupting). The material?

Mr. HAMMOND. Yes.

Mr. CAMPBELL. Just what I told you it amounted to. If you have got it \$550,000, take off \$110,000 for labor cost, and the balance is material.

Mr. HAMMOND. That is \$440,000.

Mr. CAMPBELL. Yes, sir, \$440,000.

The CHAIRMAN. Are there any further questions, gentlemen?

Mr. HAMMOND. That is all.

Mr. HILL. I would like to ask Mr. Campbell a question. I want to see if both of the gentlemen are not wrong on the question of labor and the duty that is required to make up for the difference in cost of production. One gentleman has stated that it is $7\frac{1}{2}$ per cent, and the other stated that it is 10 per cent, the difference in your labor cost.

Mr. CAMPBELL. Yes, sir.

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Mr. HILL. Now, as a matter of fact, those figures are $7\frac{1}{2}$ per cent and 10 per cent on your American selling price?

Mr. CAMPBELL. Yes, sir.

Mr. HILL. And the duty is laid on the foreign selling price, which is probably about one-half of what the American selling price is; so that to get the difference in cost of production on account of labor, they have to take 20 per cent in one case, if it is 10 per cent difference, and in the other case they have to take 15 per cent of the foreign selling value, to make up for the difference in the labor cost; is not that right?

Mr. CAMPBELL. I would not like to go on record as stating that the price in England was only one-half. It is more than that.

Mr. HILL. Whatever it is, the duty has to be such a percentage as will net 10 per cent of your selling price. It is not a 10 per cent duty added to it?

Mr. CAMPBELL. No.

Mr. HILL. It has to be 15 or 20, according to whether the value of the foreign article is one-half or two-thirds, or whatever it may be. There can not be any mistake about that. It must be so.

Mr. CAMPBELL. I admit that there might be such a thing where saddlery would not come in in greater quantities under a 15 or 10 per cent duty than under a 20 per cent. Nobody is benefited by having this duty reduced and somebody is injured.

Mr. LONGWORTH. Mr. Campbell, of course the placing of finished American product on the free list, while leaving a duty on the intermediate products that go into the finished product, can not be justified on any existing theory. It is not protection?

Mr. CAMPBELL. No.

Mr. LONGWORTH. It is not free trade?

Mr. CAMPBELL. No.

Mr. LONGWORTH. It is not a tariff for revenue?

Mr. CAMPBELL. No; not for a bit of it.

Mr. LONGWORTH. Therefore, placing saddlery and harness on the free list, while leaving a duty on your intermediate products, not being justifiable on a revenue ground, must be for one or two purposes, either as a measure of penalization, of punishment, to the American producer because he has been reasonably successful, or else it must be for the benefit of the ultimate consumer. Now, I do not believe, myself, in punishing American producers because they have been wonderfully successful. Therefore the only thing that is left for me to judge as to whether it is wise policy or not would be whether the retail price to the consumer of harness and saddlery would be reduced by putting harness and saddlery on the free list. What do you think about that?

Mr. CAMPBELL. I do not think the retail price would be reduced to the consumer in the end at all. I think it would naturally drift to the jobbing industry instead of the manufacturing industry; not wholly, but to a great extent. The people who are now employing labor would buy in England whenever they could buy it cheaper than they could make it in this country and that would mean that they would want just that many fewer men at work. If our industry was like many other industries, on the growth and getting larger, it might be that the conditions of the country would absorb all of that, and we

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would miss it; but our industry is declining. As I said in the beginning, we need help and we need a fostering influence. We can not stand any knocks.

Mr. HULL. I want to ask Mr. Campbell one question. Mr. Campbell, I notice from the English statistics of 1910, for instance, the total value of English imports of leather and manufactures of leather amounted to £9,609,000, which would be about \$48,000,000, while the exports of leather and leather manufactures amounted to £4,349,000, which would be about \$21,000,000. The total British exports of saddlery and harness for the years 1907, 1908, 1909, and 1910 did not amount to more than two and a quarter millions for each year to every country in the world. Now, I want to know what you know about the failure of England to build up a larger export trade, especially as to the leather and harness business.

Mr. CAMPBELL. What country—England?

Mr. HULL. Yes; I am talking about England.

Mr. CAMPBELL. Why did they not build up a larger export trade?

Mr. HULL. In saddlery and harness goods.

Mr. CAMPBELL. As compared with the United States?

Mr. HULL. As compared with any country.

Mr. CAMPBELL. With any country?

Mr. HULL. I understand that you regard England as the strongest competitor.

Mr. CAMPBELL. Yes, sir. I will tell you. England is the most practical, and has, in this branch of business, after years and years of close study of economy, the best system of manufacturing in this class of goods of any people in the world. Were it not for the engineering ability of our people, which enables us to invent and have machinery, they could pay all of these duties and come in here.

Mr. HULL. I do not know whether you understood my question.

Mr. CAMPBELL. I understood your question, which is that you want to know why England gets this business.

Mr. HULL. Why England has not built up a larger export trade in saddlery and harness goods?

Mr. CAMPBELL. Why she has not?

Mr. HULL. Yes.

Mr. CAMPBELL. She has the largest export trade in saddlery and harness goods of any country in the world.

Mr. HULL. What is its value?

Mr. CAMPBELL. I do not know.

Mr. HULL. I just read to you the figures as I gathered them from the statistics.

Mr. CAMPBELL. Yes.

Mr. HULL. To the effect that the British exports of saddlery and harness goods for 1906, 1907, 1908, and 1910 amounted to practically two and a quarter million dollars.

Mr. CAMPBELL. Yes.

Mr. HULL. And that there has been no perceptible increase in those years. I was wondering why you would be afraid of a country with only two and a quarter million dollars of exports in your line.

Mr. CAMPBELL. Well, what is the total in our line for this country?

Mr. HULL. I beg your pardon?

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Mr. CAMPBELL. What was the total from this country in our line of exports? Was not theirs about four times as much as ours?

Mr. HULL. I have not before me at this moment the exports of saddlery and harness.

Mr. CAMPBELL. England has at least three or four times a larger export business in our line of trade than we have from this country.

Mr. HULL. I find here in this connection, which sheds light on the general situation, that England imported from the United States, of leather and leather manufactures——

Mr. CAMPBELL. Leather.

Mr. HULL. Five years ago, \$16,000,000 worth, and exported to the United States of all kinds of leather and leather manufactures a little more than \$2,000,000 worth.

Mr. CAMPBELL. You mean they bought more than we sold them? That is probably true.

Mr. HULL. About seven or eight times as much as we sold them.

Mr. CAMPBELL. Well, I am not debating the leather side of it, and I am not familiar enough with it to debate it. I do know that there are certain kinds of leather that I am buying now in France that it would be better for this country if I were buying them here. I know that.

The CHAIRMAN. Are there any further questions, gentlemen?

Mr. FORDNEY. I want to ask the gentleman one question, if you please.

Do you know whether or not the price of saddles and harness has gone down to the consumer since the adoption of the Payne tariff law?

Mr. CAMPBELL. No, sir; it has gone up.

Mr. FORDNEY. The duty in that law was almost cut in two; it was reduced from 45 to 20 and 35 per cent. Therefore, the reduction of the duty in the Payne tariff law did not go to the consumer, did it, if that is the reason?

Mr. CAMPBELL. That is so easily explained that every man here ought to understand it. The hide situation and cattle situation all over the world has brought about a condition in the value of hides that is beyond the power of Congress. It can not control it. There were 1,000,000 less head of cattle killed in this country in 1912 than there were in 1911. Therefore there was a shortage of hides. It is the question of supply and demand, and the introduction of automobiles, which use great quantities of leather, has created a demand for these hides that regulates the price. Under ordinary and normal conditions, when we take the duty off of hides, from 15 per cent and put it on the free list, it would reduce the price in this country just about 15 per cent, because that is a world's product. There is no question about that, but that shortage in cattle made the price high. Everyman knows that.

Mr. PAYNE. The question is whether the wholesaler and retailer can absorb the difference in the tariff or not, and not affect the ultimate consumer.

Mr. CAMPBELL. The price of hides went up to 16, 19, and 20 cents from 14 and 15 cents, and the price of leather went up from 30 cents to 38 and 40 cents. Any good harness will contain 40 pounds of leather. Multiply that by eight, and you have \$3.20 extra cost.

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Mr. FORDNEY. Of course, this could be only a guess on your part and on the part of any other man. If the price of hides and leather had not gone up, would the consumer, then, in your opinion, receive that benefit?

Mr. CAMPBELL. The consumer will receive every benefit.

Mr. FORDNEY. Last night there was a foreign hat brought in here as an exhibit, which cost 70 cents in Italy, to make, on which the duty was 40 cents, and the owner of that hat had paid \$5 for it.

Mr. CAMPBELL. Well, I suppose the same thing could be said about every article of merchandise.

Mr. FORDNEY. If we were to take this 40 per cent duty off that hat, do you believe the consumer would get it for \$4.60?

Mr. CAMPBELL. No.

Mr. FORDNEY. Of course not.

Mr. CAMPBELL. He would not; and I have no idea that the people who sell those hats and distribute them around this country make any great fortunes.

Mr. FORDNEY. Perhaps not.

Mr. CAMPBELL. I have no idea that the retail hat business makes any very rich men. The expenses connected with opening up handsome rooms and paying my rent and getting on prominent corners makes it necessary for these people to have a large profit, who sell that class of goods.

Mr. FORDNEY. I agree with you, Mr. Campbell. That is correct. The average retail merchant is not getting rich.

Mr. CAMPBELL. If you go over in England, you will find that you will have to pay a good price for hats over there, too. I have been over there and I have bought a raincoat for automobile use, and paid \$18 for it. I could buy it at wholesale at \$12 or \$10 or \$8, but the retailers have these expensive places and they must make a profit.

The CHAIRMAN. That same hat abroad, though, would cost about \$3.

Mr. CAMPBELL. I think that is true, Mr. Underwood, but you are not going to change the profits of these retailers by any tariff legislation. They are going to run that business themselves, independent of Congress.

The CHAIRMAN. Let me ask you a few questions. One question we have here is to make every industry that is taxed in the custom-house share some of the taxes of the Government.

Mr. CAMPBELL. My industry, not a dollar. Every dollar of the tariff duty that you give the saddlery industry goes into the pay envelope of the mechanic; every penny of it. The competition is too keen—200 wholesalers and 25,000 retailers, and the retailers in competition with the manufacturer or wholesaler.

Mr. FORDNEY. I believe you have stated it several times, but I did not hear all of the argument; you do not believe that under free trade you could compete with England in making harness and other leather goods here?

Mr. CAMPBELL. I will not say that we will not make any harness, but I say that there would be a gradual decrease of the amount of goods made in this country, thereby increasing the amount that would be bought of England.

Mr. FORDNEY. The only way you could exist would be to lower the cost of production?

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Mr. CAMPBELL. In the end.

Mr. FORDNEY. One of two things must happen then: You either have to go out of business, or your labor has to stand the reduction?

Mr. CAMPBELL. Absolutely will they have to stand it. It will be as long standing as was the South in giving up their slavery. This labor price is inherent, and they call it a property right of the laboring man, and he is not going to surrender it until they surrender 500,000 lives. We can not make the American laborer give up his high present wage scale without a terrible conflict, a conflict that will be nearly equal to the War of the Rebellion.

Mr. HULL. Let me see if I understood your position in answering Mr. Fordney's question. If this tariff were kept up, of course, the profits of the manufacturers would not be disturbed. If it is reduced then no portion of the reduced price which might flow would reach the consumer, but that would still remain with the wholesaler or retailer, or both; so that whether the tariff is raised or lowered or retained at its present rate, there is no benefit in prospect for ninety-odd per cent of the people in the way of reduced prices?

Mr. CAMPBELL. 90 per cent? I would be almost ready to testify that it is correct that 90 per cent of the articles used will not be reduced in price to the ultimate consumer, until labor pays the cost.

Mr. HULL. Then, nobody gets any benefit from the tariff whether it is raised or lowered, except a very small percentage of the American people?

Mr. CAMPBELL. Very small.

Mr. FORDNEY. Mr. Campbell, is not this true that there is no man who will put his money into an industry of that kind, and engage in manufacturing just for the sake of furnishing employment to somebody?

Mr. CAMPBELL. Absolutely true.

Mr. FORDNEY. They put in money for the purpose of making a profit?

Mr. CAMPBELL. Certainly.

Mr. FORDNEY. And if they do not make a profit they will go out of business?

Mr. CAMPBELL. Yes. Capital is just like water. It will flow naturally. If I can not make 5 per cent on my money in one industry, I will put it in another.

Mr. FORDNEY. Certainly.

Mr. LONGWORTH. Do you believe, under a tariff system, a so-called revenue system, which means that the duty must be somewhat less at least than the actual difference in the labor cost here and abroad, the American wage scale can be maintained?

Mr. CAMPBELL. No, sir. It can not be maintained. If you reduce this labor cost, you might just as well increase the inhabitants of this country to 250,000,000 people. You are making this country populated with 250,000,000 people if you put in the free-trade doctrine. Why? You have all over Europe people almost exactly like ourselves, and you have in Canada people, who, if you throw open these markets to the world you make one with us.

Mr. FORDNEY. You are the best Democrat I have seen in a long time.

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The CHAIRMAN. Are there any further questions?

Mr. FORDNEY. His arguments are sound.

Mr. CAMPBELL. It is a very close question to my heart.

The CHAIRMAN. Are there any further questions, gentlemen?
[After a pause.] That is all, Mr. Campbell.

Mr. CAMPBELL. All right. Thank you.

BRIEF AND ARGUMENT OF THE COMMITTEE REPRESENTING THE WHOLESALE SADDLERY ASSOCIATION OF THE UNITED STATES.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We beg to submit to your honorable body, now making investigations referring to the leather industry of the United States, the following:

1. *Competition.*—Throughout the United States—represented by wholesale manufacturers engaged in this line of business, practically every important trade center having inhabitants of 20,000 or more—there are more than 200 wholesale manufacturers engaged in this line of trade. There is neither trust nor combination that can in any way minimize competition or control prices at which goods can be sold.

In addition to this, in practically every town of 1,000 inhabitants or more there are retail harness makers engaged in making and selling harness and saddlery such as are suitable to their particular localities; and in each community there is ample competition, even among retailers, for the reason that there is in every instance from two to more people engaged in this line of merchandise, both selling and manufacturing. There are no less than 20,000 such retail manufacturers.

Thus the competition is keen, and from the most careful investigation it can be proven that the net profits arising from the sales of these goods among the wholesalers does not exceed 5 per cent of the gross sales made. When this done, the actual capital, with all the risks involved, does not return to the investor in interest an amount to exceed 6 per cent, and, unfortunately, there are too many cases where even this return is not realized.

Hence, we claim from the above showing that we are not asking for a protection as to profits when we ask that saddlery and harness be retained on the protective list to the amount of 20 per cent ad valorem. We are asking that our interests be protected from the competition of Europe, where conditions are so vastly different and facilities for manufacturing these goods are so much better, or can be made so much better owing to the low price of labor, that even these small margins of profit would be entirely wiped out.

2. *Canadian proposition.*—*Free trade on harness with Canada.*—If harness were admitted free of duty from Canada, they would have a great advantage over the manufacturer of the United States, as harness leather costs 5 per cent less in Canada; linen thread costs 33½ per cent less in Canada; saddlery hardware costs 25 per cent less in Canada; wages, 10 per cent less in Canada; rent, 10 per cent less in Canada.

Even if their cost were the same as ours, they would be able to do a large business in this country, while we could not sell any harness in Canada because their tariff is 30 per cent.

We would be willing to have free trade on harness with Canada if it were free both ways, but we protest against allowing Canadians a free market in the United States unless we can have a free market in Canada.

By investigations made through the Consular Service of the United States, a large number of interviews had with mechanics who have learned their trade in the different countries of Europe, and by investigations on the part of manufacturers in this country (we have gone to Europe and into England and investigated manufacturing conditions and wages paid), it is easily proven that the wages of the United States are considerably more than those paid in England, France, Germany, Austria, Bohemia, or Scandinavia. We have but to refer to the reports as made by the American consul of wages paid in Leeds, England, wherein it appears that the average earning power of a saddle maker, working 53 hours per week, is \$6.08 per week, whereas we have been able to show, by interviews we submitted with this brief, that the average earning power of a single saddle hand in the United States, working 54 hours per week, is over \$17 per week, or nearly three times that of the English workman. And we have been able to show by further interviews with saddle hands or saddle makers of England, who have worked both in England and America, that the average earning power

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of an Englishman, who has worked in America for four years, is \$17.66 per week, against his average earnings in England of \$6.25 per week. We have also the affidavits hereto attached (see exhibits attached, 1-16, inclusive), made by workmen who learned their trades in Austria, Bohemia, Germany, Scandinavia, and elsewhere, showing the difference in the cost of labor as it applies to apprentices learning their trade and the amount of wages they receive as journeymen in their respective countries.

These affidavits were taken from men who have worked and learned their trade in foreign countries and afterwards came to America to work.

In Austria we have shown that for four years the custom of the country is that an apprentice usually works for his board alone; the same condition exists in Bohemia. In England he must work from five to seven years as an apprentice, generally beginning at the age of 15, and his weekly wages begin for the first year at 4 shillings per week, with 1 shilling per week increase for each year. Thus, at the end of his seventh year—or on completing his apprenticeship—he received 10 shillings, or \$2.50 per week. Whereas in the United States—under affidavits as submitted with this brief—we have shown that the average time for an apprentice learning his trade is from two to three years. He begins with a salary on an average in excess of \$5 per week, and closes his apprenticeship with an average of \$8 per week.

We have shown by the affidavits submitted that the same condition of affairs as to wages applies in the various countries mentioned, in the riding-saddle department and the harness department. Hence, it can be clearly shown and demonstrated, and we claim we have proven that under like conditions as to machinery, methods, etc., the American manufacturer could not nor would not produce any larger quantity of goods with a given number of men than could the same factory produce if located in England or on the continent of Europe.

3. It has been claimed, and perhaps truthfully so, that the American workman in years past had no superior or equal in efficiency and power of production; and in this respect his efficiency was offset by his wages being higher than those paid on the continent of Europe and elsewhere. This, however, no longer applies to our particular industry, and unfortunately there is and has been a deterioration in the efficiency of the mechanics in this class of industry in the past 10 or 15 years. This has been brought about, we believe, through three powerful elements of political economy.

First. Socialism, the followers of which are preaching the doctrine of minimizing of efforts; creating class sentiments; fostering and promulgating antagonism between the employer and employee.

Second. Trade-unionism, which teaches the doctrine of minimizing the output; endeavoring by rules and regulations to control the business of their employers; cultivating in the minds of the employees a spirit of antagonism toward their employer.

Third. Demagoguery, those who for personal gain and aggrandizement preach the doctrine of discontent and spread the erroneous principle that the employer has no interest in the welfare of the employee, thus destroying the cooperation of effort which is absolutely necessary for the success and happiness of both.

Hence, the result being there are no differences or advantages on the part of the American workman as regards efficiency when in comparison with that of Europe, and he must have as a protection against the lower wages of Europe a protective tariff on the articles produced or our business will be lost to us.

The present profits made by the manufacturer engaged in the saddlery and harness industry can not be reduced by either law or statutes. It is now reduced to the minimum and competition regulates it. Unfortunately, in competition with this branch of the trade are new devices for the transporting of merchandise and people by mechanical power, which has made a serious inroad on the amount of harness and saddlery required, so much so that in every section of the country both wholesalers and retailers are quitting the business. In the industry which we represent seven large manufacturers have during the past year gone into liquidation, and many hundreds of retail manufacturers are quitting or contemplating doing so.

4. *Capital invested.*—As to the capital necessary to conduct a wholesale saddlery business, if the goods were manufactured in England the advantages of making them in England over that of making them in the United States would be very great.

First. The annual pay roll of a factory producing half a million dollars' worth of saddlery and harness goods, if made in America under present wages, would be \$100,000; whereas for the same amount of goods manufactured in England the labor cost would be less than \$50,000. Hence this would require but half the capital.

In addition to this, the cost of leather, thread, etc., is to the advantage of the English manufacturer. If it should be that harness leather, upper leathers, and many other

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kinds of material used in the manufacture of harness should remain upon the tariff list and harness and saddlery upon the free list, then the cost of making these articles in England would again be reduced as to the cost, if made in the United States. Further, the cost necessary for plant, building, ground, etc., as shown by careful investigation, is from 25 to 50 per cent cheaper in England than in the United States. That is to say, the factory in which to annually produce \$500,000 worth of harness and saddlery goods must be carried on in buildings and property worth on an average of \$125,000, whereas buildings, ground, etc., can be had in Wallsall or Birmingham, England, for \$50,000 less than this sum. In these two items alone the capital necessary to do a business of \$500,000, or to produce \$500,000 worth of saddlery goods, is \$100,000 less than the capital necessary to do the same volume of business in the United States. This amount must be capitalized at 6 per cent, thus showing an advantage of manufacturing in England over that of manufacturing in the United States under present conditions of \$60,000 per year.

Executive management.—As to executive management, foremen, managers, etc., while we have not the figures to show, we know from consular reports that the average earning powers of managers, presidents, vice presidents, secretaries, and treasurers are at least 100 per cent higher in the United States than they are in England. Hence, a manager for a factory such as we have described herein could be secured in England for \$2,000 per annum, whereas a manager of equal ability in the United States would cost \$4,000 per annum.

5. *Effect upon labor of the United States.*—This is the most serious problem of all. But few of the American manufacturers would find it possible to avail themselves of the advantages of undertaking to manufacture in England, but they would immediately, or within 12 months, find themselves in sharp competition, not only with the English and European manufacturers, but they would be in competition with such American factories as had established all or a part of their manufacturing facilities in in England or on the Continent of Europe or in Canada. There could be but one result, and that would be that he would be compelled from early morning until late at night to figure as to how he could reduce the cost of production. Unable as he would be to buy his raw material at a price to compete with those making their goods in England and Europe, he would have but one recourse, and that would be to look for a reduction in the cost of labor. From apprentice boy to journeyman, from girl to woman, from boy to man, this reduction would come. However hard the fight might be, the result would be the same. Union labor, with all of its power, could not stem the tide. One by one, two by two, day by day, and week by week the reduction would come.

"But," says the free trader, "with the reduction in wages would come a reduction in the cost of living." This is not true. It would simply be a reduction in the manner of living; under those conditions they would have to be contented American workmen with meat twice a week; one vegetable for a meal; white bread a luxury. We do not believe this picture overdrawn. We have seen it within a year in Austria and Bohemia. If it exists there now, why should it not exist here under similar conditions?

It may seem selfish that the American manufacturer wants the American market, and we are ready to admit that it is. It may seem selfish that the American workman wants larger wages than the European workman, and we are ready to admit that it is. But human nature is human nature. We have the greatest market and the greatest country, and perhaps we can say the greatest people on earth, and why should we not keep them? We have a new country, sparsely populated when compared with other parts of the globe. It is favored by nature and apparently favored by God. Why should we not keep that advantage to ourselves? Shall we become such humanitarians as to be willing that not only shall all men be born free and equal, but that all men shall be put on an equality as to living? Perhaps it may be said yes, but we are prepared to say that we do not believe it will be done. We are not such philanthropists as to be willing to reduce our condition to that of India, China, or even England when it comes to reducing our workmen to the condition of the English workman or the German workman, or that of France, Austria, or Scandinavia.

The home for the workingman in the United States is a thing he looks forward to, expects, and generally gets. In Europe and England he hardly dares to hope for such a thing.

Will you, with these facts staring you in the face, merely because there is a temporary mistaken idea that the consumer—especially as it applies to the harness industry—is paying too much for the articles he uses, open up the markets of the United States to the world and place our manufacturers and the working men in such a condition as we have endeavored here to set forth?

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As a tariff for revenue, if Congress desires to place upon any article a tariff for revenue that will in no wise affect the consumer where such consumers are abundantly able to pay it, they can not select a better item than harness and saddlery. We do not ask for a protective duty in excess of 20 per cent. This is a reduction from the Dingley tariff of over 50 per cent; that is to say, in the present law the duty was placed on harness and saddlery goods at 20 per cent, whereas in the Dingley bill the duty was 45 per cent. (See clause 447, Schedule N of Dingley bill.)

Under the present duty of 20 per cent practically all harness and saddlery goods that are imported into the United States are bought and used by the rich man of the country—those who are abundantly able and would buy the French and English, and the German article even were the tariff 100 per cent.

We would not be doing our duty as American citizens and as manufacturers, jobbers, and dealers in this class of goods, who should be in a position to know that the best interests of the American Government would be conserved if the tariff were 50 per cent, although it would not be any advantage as protective duty over that of 20 per cent, as in our judgment 20 per cent does cover, but does not any more than cover, the difference in the cost of manufacturing this same class of goods in England and Europe as compared to the cost in the United States.

With this brief and argument we must let the matter rest with your honorable body, and we hope that your reports and recommendations to the Congress of our country will be that there shall be maintained as a duty upon saddlery and harness 20 per cent ad valorem.

All of which is respectfully submitted.

B. W. CAMPBELL, *Chairman*,
EDWIN W. ARMSTRONG,
W. A. HARDENBERGH,
ELMER E. FISHER,
HENRY OTHMER.

*Special Committee on Tariff Legislation,
Wholesale Saddlery Association of the United States.*

ADDENDA.

For the information of your honorable body we wish to say that this committee appeared before the Tariff Board in Washington, D. C., January 16, 1912, and submitted the following—an estimated, comparative cost of \$100 worth of farm harness, under present conditions as to cost of labor, material, etc., existing in the United States of America and in England or Europe:

EXHIBIT A.

	United States.	Europe.
Leather.....	\$40.00	\$38.00
Saddlery hardware.....	12.00	9.00
Thread.....	4.00	3.00
Wages, shop.....	20.00	10.00
Rent.....	2.40	1.20
Machinery, light, power, and heat.....	2.40	1.20
Box and cartage.....	2.40	1.60
Freight and material.....	.80	.40
Clerks' wages and office.....	6.00	3.00
Salesmen.....	10.00	5.00
	100.00	73.40

The following excerpts were a part of the report made to the Tariff Board:

Exhibit B. Copy of Daily Consular and Trade Reports, October 31, 1906, under the caption of the "British harness making" (p. 7).

Exhibit C. Copy of Daily Consular and Trade Reports, November 9, 1909, under the caption of "Labor and wages" (p. 1).

Exhibit D. Copy of Daily Consular and Trade Reports, May 17, 1911, under caption of "Saddlery," etc. (p. 722).

Exhibit E. Copy of Daily Consular and Trade Reports, June 19, 1911, under the caption of "Harness and saddlery industry" (p. 1240).

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Exhibit F. Copy of Daily Consular and Trade Reports, August 17, 1911, under the caption of "Wages in harness and saddlery trade" (p. 752).

Exhibit G. Copy of Daily Consular and Trade Reports, September 9, 1911, under caption of "Exports of harness and saddlery" (p. 1119).

Exhibit H. Copy of Daily Consular and Trade Reports, December 28, 1911, under the caption of "Plant to be established by American concerns" (p. 1581).

Exhibit I. Copy of Daily Consular and Trade Reports, July 28, 1910, under the caption of "Wages in Leeds" (p. 288).

Exhibit J. Letter from Cape Town, South Africa, under date of September 19, 1911, addressed to the Perkins-Campbell Co., Cincinnati, Ohio, signed by E. H. Von Witt & Co.

Exhibit K. Letter from David R. Power, Walsall, England, under date of July 31, 1911, addressed to the Perkins-Campbell Co.

Exhibit L. Letter to the Dodson-Fisher-Brockmann Co., Minneapolis, Minn., from Sherman Arn, representing Fairbanks, Lavander & Son, saddlery manufacturers of Walsall, England.

Exhibit M. Letter addressed to Mr. Arthur Young, president Wholesale Saddlery Association, Milwaukee, Wis., under date of June 24, 1911, with report attached upon wages in harness and saddlery trade in England, from the Department of State, Washington, D. C.

We endeavored to withdraw the above data from the Tariff Board and were advised in a letter under date of January 17, 1913, by Chief Clerk F. W. Brahaney, that when the Tariff Board was disbanded in August last the confidential and other files were placed in the custody of the Secretary of the Treasury, and that Secretary MacVeagh has recently advised the President that these files should be kept intact for the present but should be available for public use.

EXHIBIT No. 1.

[Original affidavits filed with Tariff Board January 16, 1912.]

Interview with Mr. Frederick C. Nielsen, December 28, 1911.

Questions by Mr. Otto R. Fehlhaber.

Q. What is your name?—A. Frederick C. Nielsen.

Q. Where were you born?—A. Veborg, Denmark.

Q. How old are you?—A. Thirty-three years.

Q. What is your trade?—A. Harness maker.

Q. Where did you learn your trade?—A. Veborg, Denmark.

Q. Who did you work for in Veborg, Denmark?—A. Carl Joergensen.

Q. Did you work by the week as an apprentice?—A. Yes.

Q. What were your weekly wages?—A. No wages.

Q. How long did you work for no wages?—A. Five years.

Q. Is it a custom in Denmark for apprentices at the harness-making trade to work five years without pay?—A. It was at the time I served my apprenticeship, but was afterwards changed to four years without pay.

Q. Where did you go then?—A. Mr. Osted, Copenhagen, Denmark; Mr. Dalman, Copenhagen, Denmark; Mr. Buelow, Copenhagen, Denmark.

Q. Did you work by the week for Mr. Osted?—A. Yes.

Q. What did he pay you per week?—A. Fifteen kroners per week, with room and board.

Q. How much are 15 kroners in American money?—A. About \$4.

Q. Did you work by the week for Mr. Dalman?—A. Yes.

Q. What did he pay you per week?—A. Twenty-five kroners per week without room or board.

Q. Did you work for Mr. Buelow by the week?—A. No; I worked by the piece.

Q. How much did you earn per week?—A. From 25 to 30 kroners.

Q. How long did you work for Mr. Osted?—A. Five months.

Q. How long did you work for Mr. Dalman?—A. Three months.

Q. How long did you work for Mr. Buelow?—A. About two and one-half months.

Q. Were you working for Messrs. Osted, Dalman, and Buelow as an apprentice, learning the trade?—A. No; I worked as a journeyman.

Q. Then what did you do?—A. I served as a soldier.

Q. How many years did you serve as a soldier?—A. Six months.

Q. Where did you go after serving as a soldier?—A. To Scaean, Norway.

Q. Who did you work for in Scaean, Norway?—A. Ole Gluenled.

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- Q. Did you work at your trade for Mr. Gluenled?—A. Yes.
- Q. How long?—A. Eight months.
- Q. By the week or piece?—A. By the week.
- Q. What were your wages per week?—A. Twenty-eight kroners.
- Q. Is the value of a Norwegian kroner the same as a Danish kroner?—A. Yes.
- Q. Where did you go then?—A. To Juettenburg, Sweden.
- Q. Who did you work for in Juettenburg?—A. Mr. Peterson.
- Q. Did you work by the piece or week?—A. By the week.
- Q. What were your wages per week?—A. Eighteen kroners, without board or room.
- Q. Is the value of a Swedish kroner the same as a Danish kroner?—A. Yes.
- Q. Where did you go then?—A. I returned to Veborg, Denmark.
- Q. How long did you remain in Veborg?—A. About one year.
- Q. Where did you go then?—A. To Hamburg, Germany.
- Q. Who did you work for in Hamburg, Germany?—A. Mr. Cruser.
- Q. Did you work by the week or piece?—A. By the week.
- Q. What were your wages?—A. Nineteen marks, without board or room.
- Q. What is the value of 19 marks in American money?—A. About \$4.75.
- Q. How long did you work for Mr. Cruser?—A. About three months.
- Q. Where did you go then?—A. To Bremen, Germany.
- Q. Who did you work for in Bremen, Germany?—A. Do not remember the name.
- Q. How long did you work in Bremen?—A. About 11 weeks.
- Q. Did you work by the week or piece?—A. By the week.
- Q. What were your wages?—A. Twenty-one marks.
- Q. Where did you go then?—A. Staatskanal, Holland.
- Q. Who did you work for in Staatskanal, Holland?—A. I do not remember the name.
- Q. How long did you work in Staatskanal?—A. About two months.
- Q. Did you work by the week or piece?—A. By the week.
- Q. What were your wages?—A. Eight gulden, with board and room.
- Q. What is the value of 8 gulden in American money?—A. I think it is about \$3.25.
- Q. Where did you go then?—A. I went to Amsterdam, through part of Germany, and back to Denmark, but did not work any.
- Q. After arriving in Denmark did you go to work at your trade?—A. No; I took a position as salesman.
- Q. How long were you a salesman?—A. About two years.
- Q. Where did you go then?—A. I left Denmark for Broten, Minn.
- Q. Did you work on all grades of harness in the different cities of Europe that you worked in?—A. Yes.
- Q. In what town or city in America did you first work at your trade?—A. In Minneapolis, Minn.
- Q. Who for?—A. For Dodson, Fisher, Brockmann Co.
- Q. Did you work by the week or piece?—A. By the piece.
- Q. What were your average wages per week?—A. About \$7 per week.
- Q. Did you at this time have a full knowledge of the American trade of harness making?—A. No; I needed considerable instructions.
- Q. How long did you work for Dodson, Fisher, Brockmann Co. at that time?—A. About six or seven months.
- Q. Where did you go then?—A. I went to work for Loye Saddlery Co., at Minneapolis, Minn.
- Q. Did you work by the week or piece?—A. The first three months by the week, and thereafter by the piece.
- Q. What were your wages when you worked by the week?—A. \$7.50 per week.
- Q. What were your wages when you worked by the piece?—A. I earned between \$14 and \$15 per week.
- Q. Where did you go then?—A. I returned to Dodson, Fisher, Brockmann Co., Minneapolis, Minn.
- Q. Did you go to work by the week or piece?—A. By the piece.
- Q. What were your wages?—A. I earned between \$15 and \$16 per week.
- Q. Have you had steady employment since you returned to Dodson, Fisher, Brockmann Co.?—A. Yes; with the exception of about two and one-half months in the year 1911.
- Q. On what class of harness do you work?—A. Heavy team harness.
- Q. Do you consider yourself a good mechanic?—A. About an average mechanic.
- Q. On the better or the cheaper grades?—A. On both.
- Q. About how many apprentices are in the department in which you now work?—A. Not any.

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- Q. How many employees are in that room?—A. About 40.
 Q. Have all of them steady employment?—A. Yes.
 Q. How many hours per day do you work?—A. About nine hours per day.
 Q. Are you a married man?—A. Yes.
 Q. Have you answered these questions truthfully to the best of your knowledge and belief?—A. Yes.
 Q. Do you know the purpose of this interview?—A. No.
 Thank you very much, Mr. Nielsen.

STATE OF MINNESOTA, *County of Hennepin:*

On this 28th day of December, 1911, before me, a notary public within and for said county, personally appeared Frederick C. Nielsen, who, after being duly sworn, stated that the foregoing questions were answered by him truthfully and of his free act and deed.

F. R. ORCUTT,
Notary Public, Hennepin County, Minn.

My commission expires November 7, 1917.

EXHIBIT No. 2.

Interview with Charles A. Schweigert, December 28, 1911.

Questions by Mr. Otto R. Fehlhaber.

- Q. What is your name?—A. Charles A. Schweigert.
 Q. Where were you born?—A. Minneapolis, Minn.
 Q. How old are you?—A. Forty-four years.
 Q. What is your trade?—A. Harness maker.
 Q. Where did you learn your trade?—A. Minneapolis, Minn.
 Q. Who did you work for in Minneapolis?—A. Chas. Zahradki.
 Q. Did you work by the week as an apprentice?—A. Yes.
 Q. What were your weekly wages?—A. \$3 per week for the first month; \$4 per week for about one year; \$7 per week for about two years.
 Q. Where did you go then?—A. To Dodson, Fisher, Brockmann Co., Minneapolis, Minn.
 Q. Did you work by the week for Dodson, Fisher, Brockmann Co.?—A. Yes, for quite a period.
 Q. What did they pay you per week?—A. They paid me \$9 per week for about one year, and \$10 per week for the second year, and \$13.50 per week for the third year, and \$15 for the fourth, fifth, and sixth years, and \$16.50 for the seventh and eighth years. After this I worked two years by the piece.
 Q. What wages did you earn per week when you were working by the piece?—A. About \$20 per week.
 Q. How long did you work for them?—A. Ten years at that time.
 Q. Were you working then as an apprentice, learning the trade?—A. No; but the first three years I was working as a journeyman under instructions.
 Q. Then what did you do?—A. I went to work for David West, at San Francisco, Cal.
 Q. Did you work for him by week or piecework?—A. By the week.
 Q. What were your wages per week?—A. \$20 per week.
 Q. Where did you go then?—A. I returned to Dodson, Fisher, Brockmann Co., at Minneapolis, Minn.
 Q. Have you had steady employment since you returned to Dodson, Fisher, Brockmann Co.?—A. Yes.
 Q. After your return to Dodson, Fisher, Brockmann Co. did you work by the week or by the piece?—A. By the week.
 Q. What were your wages?—A. \$18 per week for about two and one-half years and \$19.25 per week for about one year.
 Q. On what class of harness do you work?—A. All kinds.
 Q. About how many apprentices are in the department in which you now work?—A. Not any.
 Q. How many employees are in that room?—A. About 40.
 Q. Have all of them steady employment?—A. Yes.
 Q. How many hours per day do you work?—A. About nine hours.
 Q. Are you a married man?—A. Yes.

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Q. Have you answered these questions truthfully to the best of your knowledge and belief?—A. Yes.

Q. Do you know the purpose of this interview?—A. No.

Thank you, Mr. Schweigert.

STATE OF MINNESOTA, *County of Hennepin*:

On this 28th day of December, 1911, before me, a notary public within and for said county, personally appeared Charles A. Schweigert, who, after being duly sworn, stated the foregoing questions were answered by him truthfully and of his free act and deed.

F. R. ORCUTT,

Notary Public, Hennepin County, Minn.

My commission expires November 7, 1917.

EXHIBIT No. 3.

Interview with Mr. Sam Ladinsky, January 5, 1912.

Questioned by Mr. E. Falkenrath.

Q. What is your name?—A. Sam Landinsky.

Q. Where were you born?—A. Russia.

Q. How old are you?—A. Twenty-two years.

Q. What is your trade?—A. Harness maker.

Q. Where did you learn your trade?—A. Russia.

Q. How old were you when you started to learn your trade?—A. Fourteen years of age.

Q. How long did you work as an apprentice?—A. Two years.

Q. What was your pay as apprentice?—A. First year, no pay; second year, \$50 entire year.

Q. How old were you then?—A. Eighteen years.

Q. You then became a journeyman?—A. Yes, sir.

Q. How long did you work in Russia as journeyman?—A. Three years.

Q. In what town or city in Russia did you work?—A. Rassawa.

Q. Were you paid by the week or piece?—A. By the week.

Q. When working by the week, what was your weekly wages?—A. Three rubles per week, including board and clothing.

Q. What proportion of the time did you get full week's work?—A. Steady employment all year round.

Q. How much is 3 rubles in American money?—A. \$3.

Q. What wages could you average per day when working piecework?—A. Worked three months piecework. First month made 25 rubles; second month, 35 rubles each month.

Q. What could you make on piecework when you worked full time per week?—A. Thirty-five rubles per month.

Q. In your observation of American harness factories, what proportion of apprentices as compared with journeymen in the factories?—A. Do not know.

Q. How does that compare with Russia?—A. Do not know.

Q. What length of time does the apprentice serve in Russia?—A. From two to five years.

Q. Do you know how long he serves in America?—A. Three years.

Q. Are the factories in Russia as large as these in America such as you worked for?—A. No, sir.

Q. Could, in your judgment, an American factory established in Russia secure a requisite number of competent labor to man and equip such a factory as the J. B. Sickles Saddlery Co., where you are now working?—A. Yes, sir.

Q. Would that be difficult to do?—A. No, sir.

Q. Do you know the purpose of this interview?—A. I do not know.

Q. All of these answers are made to the best of your ability?—A. Yes, sir.

SAM LADINSKY.

STATE OF MISSOURI, *City of St. Louis, ss*:

Sam Ladinsky, being duly sworn on his oath according to law, says that the foregoing statements which are subscribed to by him are true.

[SEAL.]

H. O. GATEWOOD,

Notary Public, City of St. Louis, Mo.

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EXHIBIT No. 4.

Interview with Mr. Henry Paetzold January 5, 1912.

Questioned by E. Falkenrath.

- Q. What is your name?—A. Henry Paetzold.
 Q. Where were you born?—A. Germany.
 Q. How old are you?—A. Forty-eight years.
 Q. What is your trade?—A. Harness maker.
 Q. Where did you learn your trade?—A. Germany.
 Q. How old were you when you started to learn your trade?—A. Fourteen years.
 Q. How long did you work as an apprentice?—A. Three years.
 Q. What was your pay as an apprentice?—A. Had to pay to employer \$30 for three years to learn the trade, or four years without pay.
 Q. How old were you then?—A. Seventeen years.
 Q. You then became a journeyman?—A. Yes.
 Q. How long did you work in Germany as a journeyman?—A. Ten years.
 Q. In what town or city in Germany did you work?—A. Dresden, Leipzig, Frankfurt, and other towns.
 Q. Were you paid by the week or piece?—A. By the week.
 Q. When working by the week, what were your weekly wages?—A. Thirty-five marks was the most I have been paid.
 Q. What proportion of the time did you get full week's work?—A. Full time.
 Q. How much is 1 mark in American money?—A. Twenty-five cents.
 Q. Do you consider yourself a good mechanic?—A. Yes, sir.
 Q. Can you make anything in the harness line that is used in Germany?—A. Yes, sir.
 Q. When did you come to America?—A. In 1892.
 Q. What month?—A. October.
 Q. Then you have worked here 20 years?—A. Yes, sir.
 Q. In what cities have you worked in that time?—A. St. Louis, Mo.; Leavenworth, Kans., and other towns.
 Q. State how you divided this time?—A. About 17 years in St. Louis.
 Q. Who were you working for in St. Louis?—A. J. B. Sickles Saddlery Co.
 Q. Have you been put on short time or lost any other time than through sickness since working for J. B. Sickles Saddlery Co.?—A. Lost very little time.
 Q. Have you worked by weekly wages or by piecework?—A. Piecework.
 Q. What are your average week's earnings?—A. From \$16 to \$18 per week.
 Q. Do you have any correspondence with workmen in Germany now?—A. No, sir.
 Q. Have you any knowledge as to whether or not wages are higher or lower in this line of business now than they were when you worked in Germany?—A. Last correspondence about 10 years ago, and wages increased and shorter hours than when I worked in Germany.
 Q. If the system was inaugurated in Germany, say following that of America, could you then manufacture as many harness in Germany as you could in America?—A. Yes, sir; they could.
 Q. What wages could you average per day when working by piece?—A. Do not know.
 Q. What could you make on piecework when you had full time per week?—A. Do not know.
 Q. In observation of American harness factories, what proportion of apprentices as compared with journeymen were in the factories?—A. One apprentice to 10 men.
 Q. How does that compare with Germany?—A. When I worked in Germany they had one boy and one journeyman in small shop; they had no large factories.
 Q. What length of time does the apprentice serve in Germany?—A. Three to four years.
 Q. Do you know how long he serves in America?—A. Three years.
 Q. Are the factories in Germany as large as these in America, such as you have worked for?—A. When I was in Germany there were no factories.
 Q. Could in your judgment an American factory established in Germany secure requisite amount or number of competent labor to man or equip such a factory as the J. B. Sickles Saddlery Co., where you are now working?—A. They could.
 Q. Would that be difficult to do?—A. No, sir.

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Q. Do you know the purpose of this interview?—A. I do not, but I have an idea.

Q. All of these answers are made to the best of your ability?—A. Yes, sir.

H. PAETZOLD.

STATE OF MISSOURI, *City of St. Louis, ss:*

Henry Paetzold, being duly sworn on his oath according to law, says that the foregoing statements which are subscribed to by him are true.

[SEAL.]

W. O. GATEWOOD,

Notary Public, City of St. Louis, Mo.

EXHIBIT No. 5.

Interview with Mr. Patrick Weir, January 9, 1912.

Questions by Mr. F. J. Kelly.

Q. What is your name?—A. Patrick Weir.

Q. Where were you born?—A. Walsall, England.

Q. How old are you?—A. Sixty-seven years.

Q. What is your trade?—A. Saddle maker.

Q. Where did you learn your trade?—A. Walsall, England.

Q. How old were you when you started to learn your trade?—A. Fifteen years.

Q. How long did you work as an apprentice?—A. Six years.

Q. What was your pay as an apprentice?—A. Three shillings per week the first year; 4 shillings the second; 5 shillings the third; 6 the fourth; 7 the fifth; 10 the sixth.

Q. How old were you then?—A. Twenty-one years.

Q. You then became a journeyman?—A. Yes.

Q. How long did you work in England as a journeyman?—A. Two years; also worked two years in Ireland and Scotland, under the same conditions as in England.

Q. In what towns or cities did you work?—A. Walsall, England; and a great many towns in Ireland and Scotland, as I was working at my trade to enable me to see the various parts of the country.

Q. Were you paid by the week or piece?—A. Piecework.

Q. What were your weekly earnings?—A. Thirty-six to forty shillings.

Q. What proportion of the time did you get a full week's work?—A. From a half to two-thirds.

Q. How much is 36 and 40 shillings in American money?—A. About \$8.65 and \$9.60.

Q. What wages could you average per day when working by the piece?—A. About 6 shillings.

Q. Do you consider yourself a good mechanic?—A. Yes.

Q. Could you make anything in the saddle line that was made in England?—A. I could.

Q. When did you come to America?—A. In 1869.

Q. What month?—A. February.

Q. Then you have worked in this country 43 years, have you not?—A. Yes.

Q. In what cities have you worked in that time?—A. New York, Baltimore, Philadelphia, Pittsburgh, Cincinnati, Memphis, and Louisville.

Q. How long have you worked in Louisville?—A. About 27 years.

Q. For whom have you worked in Louisville?—A. Harbison & Gathright, and for whom I am now working.

Q. Have you worked for weekly wages, or by piecework?—A. Piecework only.

Q. What are your average week's earnings?—A. About \$12 a week now. You understand I am an old man, and a sort of a "has been," but in my palmy days I could rake considerably more than this.

Q. Do you have any correspondence with workmen in England now?—A. No.

Q. Have you any knowledge as to whether or not wages are higher or lower in this line of business now than they were when you worked in England?—A. No; I understand there have been very slight advance.

Q. If a system, such as used in this country, was inaugurated in English shops, do you think they could manufacture as many saddles there as they do in America?—A. I see no reason why they should not.

Q. Are you considered a rapid workman?—A. Not now; but in days gone by I was as fast as the average.

Q. How many hours per day do you work in America?—A. Nine.

Q. How many hours did you work in England when you were making full time?—A. Sixty-one hours per week.

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Q. In your observation of American saddlery factories, what proportion of apprentices as compared with journeymen were in the factories?—A. A great many more apprentices in England than in this country.

Q. What length of time do apprentices work in England?—A. Seven years is customary, though I served only six.

Q. Do you know how long they serve in America?—A. Three years, I understand.

Q. Are the factories in England as large as those in America, such as you have worked in?—A. Some of them are, but as an average they are not.

Q. In your judgment could an American factory, established in England, equipped such as the factory of Harbison & Gathright, secure a corresponding number of competent workmen?—A. Yes; and in addition could secure the services of experienced women in this line, who work for a lower wage.

Q. Do you know the purpose of this interview?—A. I do not.

Q. All of these answers are made to the best of your ability and belief?—A. They are.

The foregoing statement was certified to before me by Patrick Weir, who is personally known to me, as being correct to the best of his knowledge and belief.

[SEAL.]

W. A. COCHRANE,

Notary Public in and for Jefferson County, Ky.

EXHIBIT No. 6.

Interview with Mr. John W. Newton, January 9, 1912.

Questions by J. A. Gadiant:

Q. What is your name?—A. John W. Newton.

Q. Where were you born?—A. Marshall, Tex.

Q. How old are you?—A. Fifty years.

Q. What is your trade?—A. Riding-saddle hand.

Q. Where did you learn your trade?—A. Wells Point and Greenville, Tex.

Q. For whom did you work while learning your trade?—A. Boykin & Bruce. This firm had houses in both Wells Point and Greenville.

Q. What were you paid as an apprentice?—A. \$3 per week and board the first year.

Q. Your wages were then advanced?—A. Yes; to \$9 per week, which I received for the next two years.

Q. Then according to these figures you work for three years as an apprentice?—A. Yes.

Q. You then began working piecework?—A. No; I then received \$15 per week for two years, after which I have always worked by the piece.

Q. Prior to coming to Louisville, you worked in various cities?—A. Yes; in Dallas, St. Angelo, Paris, and other towns in Texas.

Q. When did you come to Louisville?—A. In 1898.

Q. For whom have you worked since coming to Louisville?—A. Harbison & Gathright, with the exception of three months last summer, when I worked for D. A. Moore.

Q. On what class of saddles do you work?—A. Texas or stock saddles.

Q. On the better or cheaper grades?—A. On medium and best grades.

Q. What are your average earnings per week?—A. I have kept an account several times and believe \$26 would be a fair average.

Q. How many apprentices are in the department in which you now work?—A. Two.

Q. How many employees are in that room?—A. Twenty.

Q. Have all of them steady employment?—A. Yes.

Q. How many hours per day do you work?—A. Nine hours.

Q. Have you answered these questions truthfully and to the best of your knowledge?—A. Yes.

Q. Do you know the purpose of this interview?—A. No.

The foregoing statement was certified to before me by John W. Newton, who is personally known to me, as being correct to the best of his knowledge and belief.

[SEAL.]

W. A. COCHRANE,

Notary Public in and for Jefferson County, Ky.

PARAGRAPH 461—HARNESS AND SADDLES.

EXHIBIT No. 7.

Interview with Mr. M. E. Berger, December 27, 1911.

Questions by W. A. Hardenbergh.

- Q. What is your name?—A. M. E. Berger.
 Q. Where were you born?—A. Stevens point, Wis.
 Q. How old are you?—A. Twenty-seven years.
 Q. What is your trade?—A. Harness maker.
 Q. Where did you learn your trade?—A. In St. Paul, Minn.
 Q. How old were you when you started to learn your trade?—A. Seventeen years.
 Q. How long did you work as an apprentice?—A. Two years.
 Q. What was your pay as an apprentice?—A. The first year \$3 per week and kit of tools, and the second year I received \$4 per week for the first four months, \$5 per week for the next four months, and \$6 per week for the next four months.
 Q. How old were you then?—A. Nineteen years.
 Q. Did you continue to work in St. Paul?—A. Yes.
 Q. Were you paid by the piece or week?—A. By the week.
 Q. How long have you worked for the firm you are now with?—A. Nine years.
 Q. What were your wages when you began to work as journeyman?—A. \$10 per week for the first six months and \$12 per week for the balance of the year.
 Q. What wages do you receive now?—A. \$18 per week.
 Q. Are you considered a fast or an average man?—A. About an average.
 Q. How many hours constitute a week's work in the factory where you are now employed?—A. Fifty-seven and two-thirds hours.
 Q. Do you work full time?—A. Yes.
 Q. Did you know the purpose of this interview when the questions were asked and answered?—A. No.

I have read the above questions and answers and subscribe to the truth thereof to the best of my knowledge and belief.

M. E. BERGER.

EXHIBIT No. 8.

Interview with Mr. Peter Sellie, December 28, 1911.

Questions by W. A. Hardenbergh.

- Q. What is your name?—A. Peter Sellie.
 Q. Where were you born?—A. Tronhyem, Norway.
 Q. How old are you?—A. Thirty-nine years.
 Q. What is your trade?—A. Harness maker.
 Q. Where did you learn the harness trade?—A. Tronhyem, Norway.
 Q. How old were you when you started to learn the harness trade?—A. Fifteen years.
 Q. How long did you work as an apprentice?—A. Four years.
 Q. How much pay did you receive while working as an apprentice?—A. I worked for my board only, receiving no wages whatever. At the end of four years I got my papers. It was necessary that I should have these papers, showing that I had served my time, before I could get a job in any shop.
 Q. After finishing your apprenticeship what did you do?—A. I worked in the shop where I learned my trade.
 Q. What wages did you get the first year?—A. I received 6 crowns a week for the first year and 10 crowns a week for the second year, together with my board. My board was worth 4 crowns a week. Therefore, including wages and board, I received from \$2.70 to \$3.78 per week in American money.
 Q. How many hours was considered a week's work?—A. Sixty hours a week.
 Q. How many hours constitute a week's work in the factory where you are now employed?—A. Fifty-seven and two-thirds hours.
 Q. Did you work piecework or daywork?—A. Daywork only.
 Q. Do you consider that you are as good a mechanic as your associates in Norway?—A. I do. (His present employers consider him better than the average.)
 Q. How long did you work in Norway after learning your trade?—A. About nine years.
 Q. What were about your average wages during the nine years that you worked in Norway as a journeyman?—A. From 10 to 14 crowns, or, in American money, from \$2.70 to \$3.78 a week.

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Q. How much have been your wages since you came to this country?—A. From \$12 to \$15 per week.

Q. Are you working piecework or daywork?—A. I am working piecework.

Q. How much are your average wages at the present time?—A. About \$14.

Q. What proportion of apprentices as compared with journeymen do they work in Norway?—A. In the shop where I learned my trade there was one apprentice to three journeymen.

Q. What is the percentage of apprentices to journeymen in the shop where you are now working?—A. About 1 to 12.

Q. Do the workmen in Norway accomplish as much under present conditions as the workmen in this country?—A. No; they do not.

Q. If an American factory with American machinery and methods were installed in Norway, would the Norwegian workmen be able to do as much work as the American workmen?—A. No; not to begin with, but if I could go there with a half dozen workmen who have worked in American factories, we would be able to get the same amount of work out of the Norwegian workmen within a year.

Q. In what parts of this country have you worked since you have been here?—A. Mostly in Minnesota and North Dakota.

Q. Did you know the purpose of this interview when the questions were asked and answered?—A. No.

I have read the above questions and answers and subscribe the truth thereof to the best of my knowledge and belief.

PETER SELLIE.

EXHIBIT No. 9.

Interview with Mr. John Schudel.

Questions by W. A. Hardenbergh.

Q. What is your name?—A. John Schudel.

Q. Where were you born?—A. Begingen, Switzerland.

Q. How old are you?—A. Forty-nine years.

Q. What is your trade?—A. Harness maker.

Q. Where did you learn your trade?—A. Schaffhausen, Switzerland.

Q. How old were you when you started to learn your trade?—A. Fifteen years.

Q. How long did you work as an apprentice?—A. Five years.

Q. What was your pay as an apprentice?—A. The first year and a half, I received no wages but got my room and board. The first year after that I received 8 francs a week with my room and board, and from that time until I became a journeyman, I received between this amount and 16 to 18 francs per week and room and board.

Q. You then became a journeyman?—A. Yes.

Q. Did you work daywork or piecework?—A. Mostly piecework.

Q. How much did you earn as a journeyman?—A. From 25 to 30 francs a week.

Q. How many hours constituted a week's work?—A. Usually from 66 to 72 hours.

Q. When did you come to America?—A. In 1887.

Q. You have worked in a number of factories in this country, have you not?—A. Yes.

Q. Have you worked mostly daywork or piecework here?—A. Piecework.

Q. What are you able to make at piecework in this country?—A. About \$15 a week.

Q. How many hours constitute a week's work in the factory where you are now employed?—A. Fifty seven and two thirds hours.

Q. What proportion of apprentices did they work in Switzerland as compared with journeymen?—A. About two apprentices to eight or ten men.

Q. Do you think you could make the same wages in a Swiss factory that you could in an American factory?—A. No.

Q. Why?—A. Because conditions of work and machinery are not the same.

Q. If an American factory was started in Switzerland do you think that Swiss workmen could be developed so that they could produce as much work as the workmen produce in an American factory?—A. Yes, after a few months.

Q. Did you know the purpose of this interview when the questions were asked and answered?—A. No.

I have read the above questions and answers and subscribe to the truth thereof to the best of my knowledge and belief.

JOHN SCHUDEL.

PARAGRAPH 461—HARNESS AND SADDLES.

EXHIBIT No. 10.

Interview with Mr. John Pillabar, December 18, 1911.

Questions by Mr. B. W. Campbell.

- Q. What is your name?—A. John Pillabar.
Q. How old are you?—A. Twenty-eight.
Q. Where were you born?—A. In Austria.
Q. What was your trade while you were in Austria?—A. Blacksmith.
Q. Did you learn blacksmithing as an apprentice?—A. Yes.
Q. At what age?—A. Fourteen years.
Q. How long did you work as an apprentice as blacksmith?—A. Four years.
Q. What wages did you receive while an apprentice?—A. \$1.25 per week.
Q. Did you get your board?—A. No; I boarded at my home.
Q. After learning your trade, where did you go?—A. Paris, France.
Q. What did you do there?—A. Nothing; then went to Metz, Germany.
Q. What did you work at in Metz?—A. Worked on elevated railway.
Q. Doing what kind of work?—A. Repairing bridges.
Q. Did you work by piece or week?—A. Week.
Q. What were your weekly wages?—A. About 40 marks, or \$8 per week.
Q. How long did you work at this?—A. One year.
Q. Then where did you go?—A. To Italy and worked on steamships.
Q. How long have you been in America?—A. About six years.
Q. Who are you working for now?—A. The Perkins Campbell Co.
Q. How long have you been with them?—A. About five or six years.
Q. What is your trade now?—A. Collar maker.
Q. Did you learn the trade in the factory of the Perkins Campbell Co.?—A. Yes.
Q. While learning the trade did you work by piece or week?—A. Week work.
Q. What was your weekly wages as an apprentice while working for the Perkins Campbell Co.?—A. \$7.50 per week.
Q. How long did you work for \$7.50 per week?—A. Two weeks.
Q. Then what did they pay you?—A. \$10.
Q. How long did you work at \$10 per week?—A. One year.
Q. How long did you work by the week, as an apprentice, altogether?—A. About a year and a half.
Q. Did they then put you on piecework as a journeyman?—A. Yes.
Q. On what kind of work?—A. Irish horse collars.
Q. Did you get steady employment?—A. Yes.
Q. Have you ever lost any time since in the employ of the Perkins Campbell Co. except on account of sickness?—A. No.
Q. What are your average weekly wages as a collar maker working for the Perkins Campbell Co.?—A. \$14.65.
Q. Are you a married man?—A. No.
Q. Make your home in Cincinnati?—A. Yes.
Q. Do you expect to remain here?—A. Yes.
Q. Do you have reason to believe that other workmen in the factory receive the same wages that you get?—A. Yes.
Q. In other words, the workmen receive about equal wages throughout the collar department?—A. Yes.
Q. Have you answered these questions truthfully, to the best of your knowledge and belief?—A. Yes.
Q. Do you know what the purpose of this interview is?—A. No.
Thank you, Mr. Pillabar.

JOHN PILLABAR.

Subscribed and sworn to before me this 29th day of December, 1911.

HARRY MORETON,
Notary Public, Hamilton County, Ohio.

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EXHIBIT No. 11.

Interview with Jos. Herman, December 18, 1911.

Questions by Mr. B. W. Campbell.

- Q. What is your name?—A. Jos. Herman.
 Q. Where were you born?—A. In Austria.
 Q. How old are you?—A. Thirty-nine years.
 Q. What is your trade?—A. Harness maker.
 Q. Where did you learn your trade?—A. Segesvaw, Austria.
 Q. How old were you when you started as an apprentice?—A. Fourteen years.
 Q. How many years did you work as an apprentice?—A. Three years.
 Q. Do you work by the week?—A. Yes.
 Q. What was your weekly wages as an apprentice?—A. Nothing but his board.
 Q. Did you clothe yourself?—A. Yes; my father did.
 Q. How old were you when you became a journeyman?—A. Seventeen years old.
 Q. As a journeyman did you work by piece or week work?—A. Always week work.
 Q. What were your weekly wages as a journeyman?—A. Seven kronins.
 Q. How much is this, American money?—A. About \$1.50, with board.
 Q. For how many years did you work at these wages?—A. For about eight years.
 Q. Have you worked at your trade in any other country in Europe except Austria?—
 A. Roumania.
 Q. Did you work by week or piece?—A. By week.
 Q. What were your weekly wages there?—A. Eight kronins.
 Q. How much is this in American money?—A. About \$1.70 per week.
 Q. Did you get your board thrown in?—A. Yes.
 Q. Then your wages was \$1.70 per week, with board?—A. Yes.
 Q. How long did you work in Roumania?—A. About four years.
 Q. You were then about 26 years old, were you not?—A. Yes.
 Q. Then where did you go?—A. Went back to Austria.
 Q. Did you work at the harness business again in Austria?—A. Yes.
 Q. How long after returning to Austria, did you work at your trade?—A. About one or two years.
 Q. What were your wages on your return to Austria per week?—A. Seven kronins per week.
 Q. Then where did you go?—A. I came to America.
 Q. How long have you have been in America?—A. Eleven years.
 Q. Have you have been working at your trade all that time that you have been in America?—A. Yes.
 Q. In what city have you been working in America?—A. Cincinnati.
 Q. Who have you been working for?—A. The Perkins Campbell Co., then with Grafs Morsbach & Co., Grossman, Hoe Co., and then again with Perkins Campbell Co., for whom I am now working.
 Q. Do you work by the week or piece?—A. Always piecework.
 Q. Do you get steady employment with Perkins Campbell Co.?—A. Yes; excepting during the last two weeks.
 Q. What are your average week wages with Perkins Campbell Co.?—A. \$14.99.
 Q. Is it the custom in Austria that apprentices must work three years for nothing with board.?—A. Yes.
 Q. Have you known others that did this while you were there?—A. All of them did and some of them had to serve five years and in some cases pay to learn the trade.
 Q. In what department of the Perkins Campbell Co. do you work?—A. Harness department.
 Q. About how many apprentices do you see in your department learning the trade?—A. Now four or five.
 Q. How many journeymen would you say was in that department?—A. About 25 or 30.
 Q. How many hours per day do you work?—A. Nine hours.
 Q. How many hours per day did you work in Austria?—A. Twelve hours.
 Q. Can a workman in Austria, in your judgment, perform as much work in Austria as he can in American factories?—A. No; because they lack the machines.
 Q. If an experienced harness maker for the Perkins Campbell Co. should establish in Austria, could they secure harness makers to equip the factory there?—A. Yes; you could get as many as you wanted.

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Q. Is it your opinion that with the same system and the same machinery and management, that the workmen of Austria could perform as much labor and turn out as many goods as can be done with the equal number of workmen in America?—A. Yes.

Q. Do you correspond with anybody in Austria now in this line of business?—A. No.

Q. Have you answered these questions truthfully to the best of your knowledge and belief?—A. Yes.

Q. Do you know the purpose of this interview?—A. No.

Thank you, Mr. Hermann.

JOSEF HERMANN.

Subscribed and sworn to before me this 29th day of December, 1911.

HARRY MORETON,
Notary Public, Hamilton County, Ohio.

EXHIBIT No. 12.

Interview with Mr. James D. Carpenter, December 18, 1911.

Questions by Mr. B. W. Campbell.

Q. What is your name?—A. James D. Carpenter.

Q. Where were you born?—A. Florence, Ky.

Q. In what year?—A. March 26, 1877.

Q. How old are you now?—A. Thirty-four years.

Q. What is your trade?—A. Riding-saddle hand.

Q. Where did you learn your trade?—A. In Cincinnati, with the Perkins Campbell Co.

Q. Did you work as an apprentice?—A. Yes.

Q. How long?—A. About six months.

Q. In what year did you start to learn your trade?—A. 1905.

Q. What wages did you receive per week?—A. \$9.

Q. For the whole six months?—A. For the first four months \$9 and the last two months \$10.50 per week.

Q. Did you get steady employment during that time?—A. Yes.

Q. Had you ever worked at the harness or saddlery business prior to 1905?—A. No.

Q. At the end of your six months' apprenticeship what was your plan of working?—A. By the piece.

Q. Are you still with the Perkins Campbell Co.?—A. Yes.

Q. Have you been with them during the past six years?—A. Yes.

Q. Have you had steady employment during that time?—A. Yes.

Q. How many hours per day do you work?—A. Nine hours per day or less.

Q. What are your average weekly wages?—A. \$26.70.

Q. In what department do you work in the Perkins Campbell Co. factory?—A. Saddle department.

Q. How many employees in that department?—A. Fifteen.

Q. Do they all get steady employment?—A. Yes.

Q. Are you considered a fast workman among your fellow workmen?—A. Yes.

Q. What class of riding saddles do you work on?—A. Texas, or what is known as stock saddles.

Q. Do you know the object of this interview?—A. No.

Q. Have you answered all of these questions truthfully and to the best of your ability?—A. Yes.

Thank you, Mr. Carpenter.

JAMES D. CARPENTER.

Subscribed and sworn to before me this 29th day of December, 1911.

HARRY MERETON,
Notary Public, Hamilton County, Ohio.

EXHIBIT No. 13.

Interview with Mr. William Ellis, December 18, 1911.

Questions by Mr. B. W. Campbell.

Q. What is your name?—A. William Ellis.

Q. Where were you born?—A. Walsal, England.

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- Q. How old are you?—A. Thirty-six years.
- Q. What is your trade?—A. Saddle maker.
- Q. Where did you learn your trade?—A. In Walsal, England.
- Q. How old were you when you started to learn your trade?—A. Fourteen years.
- Q. How long did you work as an apprentice?—A. Seven years.
- Q. What was your pay as an apprentice?—A. Four shillings for the first year; 5 for the second; 6 for the third; 7 for the fourth; 8 for the fifth; 9 for the sixth; and 10 for the seventh.
- Q. How old were you then?—A. Twenty-one years.
- Q. You then became a journeyman?—A. Yes.
- Q. How long did you work in England as a journeyman?—A. Ten years.
- Q. In what town or city in England did you work?—A. In Walsal, Birmingham, and Newcastle on the Tyne.
- Q. Were you paid by the week or piece?—A. Both ways.
- Q. When working by the week, what was your weekly wages?—A. A full week averaged about 35 shillings.
- Q. What proportion of the time did you get full week's work?—A. About two-thirds.
- Q. How much is 35 shillings in American money?—A. \$8.40.
- Q. What wages could you average per day when working by piece?—A. Average about 5 shillings per day.
- Q. What could you make on piecework when you had full time per week?—A. About 38 shillings.
- Q. Do you consider yourself a good mechanic?—A. Yes. Fully up to the average of saddle makers of England.
- Q. Can you make anything in the saddle line that is made in England?—A. Yes.
- Q. When did you come to America?—A. In 1906.
- Q. What month?—A. January.
- Q. Then you have worked here six years, have you not?—A. Yes.
- Q. In what cities have you worked in that time?—A. In Cincinnati, Ohio, and Los Angeles, Cal.
- Q. State how you divided this time?—A. The first 16 months in Cincinnati, then in Los Angeles 4 months; then returned to Cincinnati, where I have been for 4 years just passed.
- Q. Who were you working for in Cincinnati?—A. The Perkins-Campbell Co.
- Q. Have you had steady employment since you have been there?—A. Yes.
- Q. Have you been put on short time or lost any other time, other than through sickness, since working for the Perkins-Campbell Co.?—A. No, sir; I have not.
- Q. Have you worked for weekly wages or by piecework?—A. By piecework.
- Q. What are your average week earnings?—A. \$17.61 (these figures taken from the books of the Perkins-Campbell Co.).
- Q. Do you have any correspondence with workmen in England now?—A. No.
- Q. Have you any knowledge as to whether or not wages are higher or lower in this line of business now than they were when you worked in England?—A. From the last heard they are about the same as when I left.
- Q. If the system was inaugurated in Walsal say, following that of America, could you then manufacture as many saddles in England as you could in America?—A. Yes.
- Q. Are you considered a rapid workman now?—A. Only moderate.
- Q. How many hours per day do you work in America?—A. Nine hours per day.
- Q. How many hours did you work in England when making full time?—A. Fifty-eight hours per week.
- Q. In your observation of American saddlery factories, what proportion of apprentices as compared with journeymen were in the factories?—A. About one in twelve.
- Q. How does that compare with England?—A. One to eight in England.
- Q. What length of time does the apprentice serve in England?—A. Seven years.
- Q. Do you know how long he serves in America?—A. Three years, I understand.
- Q. Are the factories in England as large as those in America, such as you have worked for?—A. No.
- Q. Could, in your judgment, an American factory established in Walsal or Birmingham, secure a requisite amount or number of competent labor to man and equip such a factory as the Perkins-Campbell Co., where you are now working?—A. Yes; I think you could get all the help you wanted, but you would have to break them into the system.
- Q. Would that be difficult to do?—A. No; a good mechanic would pick that up in a few month's time.
- Q. Do you know the purpose of this interview?—A. No, sir.

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Q. All of these answers are made to the best of your ability and belief?—A. Yes, sir.
Thank you, Mr. Ellis.

WILLIAM ELLIS.

Subscribed and sworn to before me this 29th day of December, 1911.

HARRY MERETON,
Notary Public, Hamilton County, Ohio.

EXHIBIT No. 14.

Interview with Mr. Earl Othmer, December 19, 1911.

Questions by Mr. B. W. Campbell.

- Q. What is your name?—A. Earl Othmer.
Q. Where were you born?—A. Cincinnati, Ohio.
Q. How old are you?—A. 22 years.
Q. What is your trade?—A. Riding-saddle hand.
Q. Where did you learn your trade?—A. In Cincinnati and at Burlington, Iowa.
Q. Who did you work for in Cincinnati?—A. The Perkins-Campbell Co.
Q. Who did you work for in Burlington, Iowa?—A. S. R. & I. C. McConnell Co.
Q. Did you work by the week as an apprentice?—A. Yes.
Q. What were your weekly wages?—A. Started in at \$6 with Perkins-Campbell Co.
Q. How long did you work at \$6 per week?—A. Eight months.
Q. Where did you then go?—A. To Burlington, Iowa.
Q. Did you work by the week for S. R. & I. C. McConnell?—A. Yes.
Q. What did they pay you per week?—A. \$9.
Q. How long did you work for them?—A. A year and three months.
Q. Did you get \$9 per week all the time?—A. Yes.
Q. Were you working then as an apprentice, learning the trade?—A. Yes.
Q. Then what did you do?—A. Came back to Cincinnati and went to work for the Perkins-Campbell Co.
Q. Did you work for them by week or piecework?—A. Piecework.
Q. You were then considered a journeyman, were you?—A. Yes.
Q. According to these figures, you were 23 months learning the trade?—A. Yes.
Q. How did you work after that for the Perkins-Campbell Co.?—A. Piecework.
Q. Have you had steady employment since you returned to Perkins-Campbell Co.?—A. Yes.
Q. On what class of saddles do you work?—A. Texas, or what is known as stock saddles.
Q. On the better or cheaper grades?—A. On the cheap and medium grades.
Q. What are your average earnings per week?—A. \$20.04 per week (taken from the Perkins-Campbell Co.'s books for 12 weeks passed).
Q. About how many apprentices are in the department in which you now work?—A. One that I know of, learning the saddle-making trade.
Q. How many employees are in that room?—A. Fifteen or twenty.
Q. Have all of them steady employment?—A. Yes.
Q. How many hours per day do you work?—A. Nine hours.
Q. Are you a married man?—A. No.
Q. Have you answered these questions truthfully to the best of your knowledge and belief?—A. Yes.
Q. Do you know the purpose of this interview?—A. No.
Thank you, Mr. Othmer.

L. E. OTHMER.

Subscribed and sworn to before me this 29th day of December, 1911.

HARRY MORETON,
Notary Public, Hamilton County, Ohio.

EXHIBIT No. 15.

Statement of Alexander Ballin, now employed as harness maker by Armstrong & Graham, wholesale manufacturers of harness, Detroit, Mich.

Name, Alexander Ballin; age, 23 years.

I learned my trade in Rebe, Denmark. My apprenticeship was three years; age 17 to 20.

PARAGRAPH 461—HARNESS AND SADDLES.

My pay was the same per week for three years, which was 8 kroner, which is equal to \$2 per week, and board myself.

At the time I left Denmark a good man at the harness trade could earn from 24 to 28 kroner per week.

The above statement is correct.

ALEX BALLIN.

Subscribed and sworn to before me this 6th day of January, 1912, a notary public in and for Wayne County, Mich.

[SEAL.]

JAMES A. GIRARDIN.

Commission expires December 7, 1914.

EXHIBIT No. 16.

Statement of Leo Spita, employed as handy man in wholesale harness factory of Armstrong & Graham, Detroit, Mich.

Name, Leo Spita; age, 23 years.

Learned trade in Calabria, Italy; served only 4 years of the usual apprenticeship of 7 years.

Received pay as below and lived at home with parents:

First 6 months, no pay at all; second half of first year, 1 lira per week; second year, 1 lira per day; third year, 2½ lire per day; fourth year, 3½ lire per day; fifth year, came to United States of America, in 1908.

The highest wage for best workmen in harness trade in Calabria, Italy, was, when I left, 6 to 7 lire per day of 10 hours. Ordinary men made 3½ to 4 lire per day. A good average man on piece work could make 4½ to 5½ lire per day.

The above statement is correct.

LEO SPITA.

Subscribed and sworn to before me this 4th day of January, 1912.

[SEAL.]

JAMES A. GIRARDIN,

Notary Public in and for Wayne County, Mich.

GEORGE LAWRENCE Co.,
Portland, Oreg., January 18, 1913.

We, the undersigned, saddle and harness makers in the employ of the George Lawrence Co., of Portland, Oreg., do earnestly and vehemently protest against any reduction in the tariff duties as now in force under the present law. We protest against the passage of the proposed bills known as House bills H. R. 27569 and 27576, and should same become the law the result will be a complete demoralization of our industry and result in heavy financial loss to those engaged in the business.

It will lower the wages and reduce our labor to a condition no better than that of competing countries, which will be able to enjoy our markets without giving us any part or share of their markets in return for same; as one illustration, and a very important one, we refer to Canada. If our products are placed upon the free list, the Canadian manufacturers can invade our market with their goods made from cheaper material with no protective barrier, while we are prohibited entering that market by a duty of 30 per cent now imposed by the Canadian Government on harness and saddlery, even if we could compete.

G. M. Rowley, L. L. Voss, C. B. Cox, George Simon, R. J. Huckle, L. A. Northup, J. R. Tupper, W. J. Whittall, Thos. Murphy, F. W. Geiger, John W. Heath, Paul J. Pierre, Oscar Simon, Willey H. Crawford, Jacob Streib, Geo. E. Crawford, Jas. Billeter, John H. Nickles, Joseph F. Jorg, Mat. Tunkel, Wyn Dyer, Ira Putney, Charles L. Curtis, R. C. Beach, F. W. Fleck, C. R. Smith, B. McDermott, A. Heydt, A. F. Schick, H. Streib, H. Siebels, L. Lavagette, E. H. W. Zeplin, A. C. Eggerts.

PARAGRAPH 461—HARNESS AND SADDLES.

PROTEST AGAINST PLACING HARNESS AND SADDLERY ON THE
FREE LIST.

CHICAGO, ILL., January 22, 1913.

To the honorable the WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: I wish to advise you that a meeting of the wholesale harness and saddlery manufacturers was held in Chicago on January 9, 1913, to protest against the placing of harness and saddlery on the free list; and the petition hereto attached was unanimously adopted at this meeting.

The manufacturers of harness and saddlery believe that your honorable body will give due consideration to the fact that the tariff on harness and saddlery has already secured a material reduction, namely, from 45 per cent ad valorem (see clause 447 of Schedule N, Dingley bill) to 20 per cent ad valorem in the Payne-Aldrich bill, which duty now prevails. The harness and saddlery manufacturers demand a square deal from your committee, and maintain that it would be eminently unfair to the American manufacturer to open our markets to the Canadian manufacturer (to say nothing of the competition we would be subject to from manufacturers of saddlery abroad).

We therefore believe that your committee will realize that a further reduction would result disastrously to the American manufacturers engaged in this industry.

Respectfully submitted.

HENRY OTHMER,
Secretary of the Meeting.

[Inclosure.]

CHICAGO, ILL., January 9, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We, the undersigned, wholesale manufacturers of saddlery and harness of the United States, assembled this day in the city of Chicago, unanimously resolve that we do earnestly and vehemently protest against any reduction in the tariff duties as now in force under the present law. We protest against the passage of the proposed bills known as House bills 27569 and 27576; and should same become the law the result will be a complete demoralization of our industry and result in heavy financial loss to those engaged in the business.

It will lower the wages and reduce our labor to a condition no better than that of competing countries, which will be able to enjoy our markets without giving us any part or share of their markets in return for same; as one illustration—and a very important one—we refer to Canada. If our products are placed upon the free list, the Canadian manufacturers can invade our market with their goods made from cheaper material with no protective barrier, while we are prohibited entering that market by a duty of 30 per cent as now imposed by the Canadian Government on harness and saddlery, even if we could compete.

VOSS-BARBEE MANUFACTURING CO.,
Little Rock, Ark.
(And 84 others.)

(Mr. Othmer also transmitted a petition of similar import from the mechanics and other workmen in the factory of William S. Hansell & Sons, Philadelphia, to which was attached 29 signatures.)

PROTEST OF THE MEHLBACH SADDLE CO., NEW YORK, N. Y.

NEW YORK, January 31, 1913.

Hon. OSCAR W. UNDERWOOD,
Washington, D. C.

DEAR SIR: Noticing in the daily newspapers that a reduction of the tariff on saddles, harness, etc., is contemplated, we beg to herewith respectfully enter our protest and objection to any reduction being made. We have been manufacturers of saddlery goods for upward of 35 years, and our wide experience as such warrants our taking this position. In former years, when the duty was 45 per cent, the foreign manufacturers landed saddlery in our country, with duty and all expenses paid, for less money than we could produce similar goods. Since the tariff was reduced to 20 per cent it is perfectly obvious that the manufactures of the foreign markets have been introduced here for still less money than anybody else could produce them. Goods

PARAGRAPH 461—HARNESS AND SADDLES.

such as we manufacture are really a luxury. Their sale is limited at best, and without a duty high enough to protect manufacturers in the United States it would mean that the saddle industry would be wiped out. Of course there are manufacturers in the West and Southwest who may not care whether there is any tariff on saddlery or not, but they manufacture an entirely different class of goods, such as have never been and probably never will be made abroad. We refer now to the so-called cheap grades of McClellan, Morgan, Muley, Buena Vista, etc., saddles, which are characteristic products of the above-mentioned sections of the United States. The saddle makers abroad receive about half as much compensation as the American saddler, and if our goods are admitted at a reduced tariff rate the difference will certainly have to come out of the pay envelope, and the American workman will suffer accordingly. We therefore not only protest against any reduction of the tariff on saddlery, harness, and kindred goods, but request that a duty of 45 per cent ad valorem be imposed thereon.

Trusting you will give our letter full and careful consideration, we are,

Yours, respectfully,

THE MEHLBACH SADDLE CO.,
Per CHAS. A. TONGUE, *Secretary*.

LETTER OF THE DEPARTMENT OF COMMERCE AND LABOR.

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, January 23, 1913.

Mr. HENRY OTTMER, *Washington, D. C.*

SIR: In compliance with your verbal request I give below figures of imports of harness and saddlery entered for consumption during the five years ending June 30, 1912:

Harness, saddles, and saddlery, in sets or in parts, finished or unfinished.

1900.....	\$201,847.12
1901.....	191,812.90
1908.....	101,362.94
1909.....	75,238.01
At 35 per cent.....	8,450.45
1910:	
At 45 per cent.....	8,336.10
At 20 per cent ¹	75,110.00
1911.....	77,653.00
1912.....	58,359.92
Five years.....	403,000.00
Respectfully,	A. H. BALDWIN, <i>Chief of Bureau.</i>

BRIEF OF THE ACKENHAUSEN SADDLERY CO., LEAVENWORTH, KANS.

LEAVENWORTH, KANS., *January 23, 1913.*

D. R. ANTHONY, Jr.,
Congressman, Washington, D. C.

DEAR SIR: Should House bills H. R. 27569 and 27576 become law, the result will be a complete demoralization of our industry and result in heavy financial loss to those engaged in the business.

There are only two points which we would like to have you consider in connection with the proposed schedule. The first is that in case harness and saddlery is put on the free list, those communities that are within comparatively easy striking distance from Canada will be overwhelmed with the surplus from the Canadian factories sold at prices with which it would be impossible for us to compete and do business at a profit. If it were possible for us to sell goods in Canada under the same tariff conditions, these matters would regulate themselves; but when we tell you that the largest

¹ This part of 1910 and subsequent years are "wholly or in chief value of leather."

PARAGRAPH 461—HARNESS AND SADDLES.

harness and saddlery manufacture in the world is located in Winnipeg, you will understand that this condition would be a menace to the Northwest.

As bad as Canadian competition would be for us, however, it would be infinitely more for the States farther East where their direct competitions would be from eastern Canada with its very low-priced labor.

Our industry is one of the very few ones in which there has been no attempt at a combination of either physical properties or with working agreements, and we do not know of any large industry in which the financial returns have been so modest as in ours.

The industry just at present is not in a very thriving condition by reason of the development of the automobile and gasoline tractors, and the past year has seen seven good-sized manufacturers liquidate and go out of business. We are unable to understand why, in revising the tariff schedules, an industry such as ours who have never fattened on a tariff, or, in fact, anything else, and whose financial returns from their investment have been very much less than from almost any other line of business, should have been selected for the free list, while highly protected articles should only have their percentages cut from 30 to 75 per cent. If our industry had produced men of wealth, we could readily understand it; but it looks very much to us like hitting the under dog, and we sincerely hope that you may be able to say a good word for us when the matter comes up.

The saddlery business only asks for an even break in having a tariff that would equalize the difference in the cost of labor between this and competing countries. We do not want an additional profit as well, because it would be impossible to get that under present competitive methods, but we do want a rate which will cover the difference in the cost of labor, and we sincerely hope you may see your way clear to give us your moral support.

Yours, truly,

THE ACKENHAUSEN SADDLERY CO.
A. H. ACKENHAUSEN.

BRIEF OF HARNESS AND SADDLERY WORKERS.

BRISTOL & SWEET HARNESS CO.,
Fargo, N. Dak., January 18, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We, the undersigned workers on harness and saddles, do earnestly and vehemently protest against any reduction in the tariff duties as now in force under the present law. We protest against the passage of the proposed bills known House bills H. R. 27569 and 27576, and should same become the law the result will be a complete demoralization of our industry and result in heavy financial loss to those engaged in the business.

It will lower the wages and reduce our labor to a condition no better than that of competing countries, which will be able to enjoy our markets without giving us any part or share of their markets in return for same. As one illustration, and a very important one, we refer to Canada. If our products are placed on the free list, the Canadian manufacturers can invade our market with their goods made from cheaper material with no protective barrier, while we are prohibited entering that market by a duty of 30 per cent, as now imposed by the Canadian Government on harness and saddlery, even if we could compete.

Very truly yours,

W. D. BRISTOL,
(And 38 others).

Petitions similar to the above and signed by the number of individuals indicated were filed by the employees of the following concerns: Langenbrunner & Co., Cincinnati, Ohio, 19 signatures; Chas. Friend & Son, St. Paul, Minn., 30; Ackenhausen Saddlery Co., Leavenworth, Kans., 15; A. D. Jackson Saddlery Co., Benton, Ill., 21; J. M. Franssens, Green Bay, Wis., 7; The Wolf Manufacturing Co., Quincy, Ill., 23; Bowler & Jones, Freeport, Ill., 8; Harpham Bros. Co., Lincoln, Nebr., 16; Julin J. Bantlin Co., Cincinnati, Ohio, 21; W. W. Gleckner & Sons Co., Canton, Pa., 25; Pierson & Hough Co., Detroit, Mich., 33; Chas. Kronauer & Co., Chicago, Ill., 27; Hodapp & Miller, Louisville, Ky., 24; Ranno Saddlery Co., Manchester, N. H., 52; Schulze Bros. Co., Duluth, Minn., 30; S. R. & I. C. McConnell, Burlington, Iowa, 66; Cottrell Saddlery Co., Richmond, Va., 65; McIntyre-Burrall Co., Green Bay, Wis., 44;

PARAGRAPH 461—HARNESS AND SADDLES.

L. Kiper & Sons, Muskegon, Mich., 38; Case & Kroenlein, Peoria, Ill., 21; Tom Padgitt Co., Waco, Tex., 79; Harbison & Gathright, Louisville, Ky., 81; Atchison Saddlery Co., Atchison, Kans., 54; A. A. Van Voorhies & Co., Sacramento, Cal., 40; Smith-Worthington Co., Hartford, Conn., 113; Van Nostrand Saddlery Co., Muscatine, Iowa, 52; Des Moines Saddlery Co. and Walter Boyt Saddlery Co., Des Moines, Iowa, 93; R. Given & Son Co., Sidney, Ohio, 100; Perkins-Campbell Co., Cincinnati, Ohio, 142; J. B. Sickles Saddlery Co., St. Louis, Mo., 108; A. Ortmayer & Son, Chicago, Ill., 73; Dodson, Fisher, Brockmann Co., Minneapolis, Minn., 101; Benjamin Young, Milwaukee, Wis., 139; Gilliam Manufacturing Co., Canton, Ohio, 182.

BRIEF OF THE SMITH-WORTHINGTON CO., NEW YORK, N. Y.

NEW YORK, *January 22, 1913.*

The WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: We have the honor to ask that a higher rate of duty be applied to the manufactures of harness and saddlery.

We also urge that the duty on supplies entering into the manufacture of saddles be fixed at a lower rate than the finished product, such as woolen serge saddle lining, woolen flocks for saddle stuffing, woolen webs for saddle girths, and metal buckles and trimmings for harness and saddlery.

The price of labor is much higher here than in Europe—at the rate of about 4 to 1. Good saddlers in England earn about \$4 to \$6 per week. In America \$18 to \$24.

Stitching on bridles and saddles in England is done by women at \$1.50 to \$2.50 per week. In America it has to be done by men at about \$12 per week or more.

On "Demi," or part hogskin saddles, the saddler's labor forms about 33½ per cent of the value. On the "Shaftoe," or all-over hogskin saddles, the saddler's labor represents about 40 or 50 per cent.

The labor on bridle work represents about one-third the cost.

The value of the labor, as stated above, represents only part of the advantages of the manufacturer on the other side. He enjoys the same proportionate advantage on all the labor that enters into the cost of all the materials he uses. The leather, the trees, the iron work, the woolen linings, woolen flocks for padding and webbing for girths, are all produced with the same advantage of cheap labor.

Further than this, saddle makers' supplies—woolen webbing, woolen linings and stuffings for better saddles—are not produced in America, and are subject to about 150 per cent duty, which we have to pay. But in the finished saddle they enter at 20 per cent.

Master saddlers in Europe do not, in most cases, have to maintain expensive plants, supply heat, space, light, power, and all sanitary comforts and conveniences, and liability for injuries, etc. Much of the saddle and bridle work of Europe is made at the homes of the mechanics. Thus the operatives furnish their own plant—the plant that employers have to supply in America at great cost.

Harness.—All that we have said of saddles and bridles is equally true of carriage, coach, and cab harness.

The class of goods referred to above are freely imported and are not the grades or patterns used by the masses, by farmers, nor for business purposes, but rather are luxuries for the rich who follow European styles.

Therefore, European saddlery, being a luxury, and also the product of hand labor, is entitled to as high protection as any other class of merchandise.

Consequently, we respectfully urge that the rate of duty be fixed as high as that of the highest commodity.

Respectfully,

THE SMITH-WORTHINGTON CO.,
T. MINOR CURRY, *President.*

Labor.—European saddlers to American, wages ratio about 4 to 1.

Plant.—Operatives instead of employers supply them abroad by working at home.

Materials.—Duties are much higher on them than on finished saddles.

Women do harness work abroad that is not permitted here.

PARAGRAPH 461—HARNES AND SADDLES.

BRIEF OF THE SCHWAHN-SEYBERTH SADDLERY CO., EAU CLAIRE, WIS.

EAU CLAIRE, Wis., *January 28, 1913.*HON. JOHN J. ESCH,
Washington, D. C.

DEAR SIR: We earnestly appeal to you to use your best efforts in defeating the proposed house bills H. R. 27569, H. R. 27576, or any other bills which may come up to reduce the tariff on harness and saddlery.

When hides were placed on the free list by the Payne Act the tariff on harness and saddlery was reduced from 35 per cent to the 20 per cent ad valorem, where it now is. The Canadian tariff is 30 per cent ad valorem on harness and saddlery.

The largest saddlery and harness manufacturers in the world are located at Winnipeg and have branch factories in several bordering towns of Canada. Besides these there are many strong concerns in all parts of Canada.

If harness and saddlery are placed on the free list, our trade will be demoralized by this Canadian and the English competition.

The average wage of the workman employed in the manufacture of harness in the United States is about \$15 per week. In 1911 inquiry was made of Albert Halstead, Esq., American consul at Birmingham, England, and he furnished statistics showing the wages that prevailed in the harness and saddlery industry in Wallsall and thereabouts. These statistics showed that the average wage of the workman engaged in this industry in England was, in our money, from \$6.07 to \$8.50 per week, and that in some shops as high as 40 per cent of the workers were women, whose weekly wage averaged but \$2.43 to \$2.91 per week.

All we ask is to be protected by tariff to cover the difference in labor between this and competing countries. The American people surely do not wish to reduce our workmen's wages to the low level of those earned by our competitors in English and Continental countries.

The harness and saddlery industry, as a whole, is not now and has not been for the past few years in a very thriving condition, by reason of the phenomenal development of the automobile and gasoline tractors.

In the past year seven good-sized manufacturers of harness and saddlery liquidated and went out of business.

Thanking you for placing this letter at the disposal of the Ways and Means Committee, and assuring you of our appreciation, we are,

Very truly, yours,

SCHWAHN-SEYBERTH SADDLERY Co.,
By W. H. SEYBERTH.

BRIEF OF CROSS BROS. & CO., ROCHESTER, N. Y.

ROCHESTER, N. Y., *January 25, 1913.*MR. HENRY G. DANFORTH,
Member of Congress, Washington, D. C.

DEAR SIR: Our trade brings us into touch with many of the small saddlers of the cities and towns of New York State, and we find them very much averse to the prospect of being compelled to compete with foreign manufacturers in their line of goods.

As it is rumored that there is a possibility that our Government will place harness and saddlery on the free list, we wish to enter our protest and are asking that you use your influence, as far as you can consistently, against such action being taken.

This industry in our country is very largely in the hands of citizens who are of American birth and parentage and who will bitterly resent a foreign competition that will compel them to cut down wages of their workmen.

A committee representing the saddlery association has been delegated to appear before the Ways and Means Committee in Washington on January 29, and we trust that you will not fail to assist them in their worthy efforts to prevent the disastrous results that will befall this industry if harness and saddlery are allowed to enter our ports duty free.

Thanking you in advance for your prompt attention and asking for your careful consideration of the facts presented above, we beg to remain,

Very sincerely, yours,

CROSS BROS. & Co.

PARAGRAPH 462—ASBESTOS.**PARAGRAPH 462.**

Manufactures of amber, asbestos, bladders, catgut or whip gut or worm gut or wax, or of which these substances or any of them is the component material of chief value, not specially provided for in this section, twenty-five per centum ad valorem; woven fabrics composed wholly or in chief value of asbestos, forty per centum ad valorem.

ASBESTOS.**TESTIMONY OF R. G. RHETT, GENERAL ASBESTOS & RUBBER CO., CHARLESTON, S. C.**

Mr. Rhett was duly sworn by the chairman.

The CHAIRMAN. Proceed, Mr. Rhett.

Mr. RHETT. Mr. Chairman, I am here representing the General Asbestos Co., of Charleston, S. C., and incidentally, the two companies who have signed that paper. Their representatives being here, however, they will follow me. That paper was prepared in conjunction with those people.

Section 462 of the tariff act reads as follows:

Manufactures of amber, asbestos, bladders, catgut or whip gut or worm gut, or wax or of which these substances or any of them is the component material of chief value, not specially provided for in this section, twenty-five per centum ad valorem; woven fabrics composed wholly or in chief value of asbestos, forty per centum ad valorem.

This is an industry that is about 20 years old. When it was first established in this country, the prices were considerably higher than they are to-day, they having been reduced mainly by the competition which has been growing and which has been maintained between the various factories in this country, of which there are nine, all of which are in active competition, not only with themselves, but in active competition with the importers.

Now, the business of an asbestos fiber company is of two characters. It first makes yarn and then cloth. Those are the two materials.

The raw material is imported entirely from Canada. That is the only source of raw material. It is first brought in and broken up. Then it is carried through a process which is very similar to that of cotton, through cards, and then into spindles, and so forth. It is a very delicate fabric. I have here with me a sample of the raw material and of the various products into which it goes. A substance of that sort [exhibiting sample] has to be broken up and screened, and then it is taken through the process through which cotton goes. It is twisted to make a yarn; but it is a very delicate fiber, and instead of taking the amount of labor which a cotton mill requires, it takes four or five times as much. The machinery must be run very slowly, and the breakage is very frequent. The consequence is that the cost of material, even in the lowest priced material, rarely ever goes below 10 cents a pound. From that the cost varies up to 20 and 30 cents.

The cost of the raw material varies from 7½ to 15 cents a pound for the highest grades. There is a certain amount of waste or shrinkage which brings the net cost up.

The cost of the finished product therefore must be put in this way:

Raw material, 10 cents a pound, assuming it is low grade, and that is where the competition is largely; the cost of labor, 10 cents per

PARAGRAPH 462—ASBESTOS.

pound, and overhead charges 5 cents per pound, making a total cost of 25 cents. That would be on the low grade of asbestos yarn in this country.

Now, when you go to make that yarn into cloth you have an additional labor charge that is very little. It only has to be woven, and you have to add about 3 cents for that. The overhead charges will, of course, be increased slightly. You have more machinery, and the interest on machinery and depreciation would add so much to your overhead charges. Therefore the cost of manufacturing fiber would be this: Ten cents a pound, add 3 cents to convert it into cloth; then add 1 cent more to the overhead charges, which would be 6 cents, making a total of 29 cents. That is what the cloth would cost.

- In this country labor is paid about as follows: Fifteen dollars per man per week, \$8.50 for a boy, and \$7 for a girl. That is the average paid in this country. Abroad the same labor runs from 40 to 60 per cent, or an average of 50 per cent, of that cost. Therefore in comparing the price of those materials here and abroad it would figure about as follows:

In this country 10 cents for materials, 10 cents for labor, 5 cents for overhead charges, or 25 cents for yarn. Abroad you will have the same 10 cents for material; the labor, instead of being 10 cents, is 5 cents, and your overhead charges instead of being 5 cents would be about 3 cents. These overhead charges are mostly charges for your machinery, superintendence, office expenses, interest, and so forth, and abroad they have probably 40 per cent less overhead charges than we have. Therefore you have abroad 10 cents, plus 5 cents, plus 3 cents, or 18 cents.

Now, add to that 25 per cent duty and you have 4½ cents. That makes 22½ cents; so that the same yarn is brought into this country, even with the duty added, at a cost of about 22½ cents, against 25 cents, the cost in this country.

Mr. PALMER. Where is it brought from?

Mr. RHETT. From Germany and from Scotland, largely. Those two, together with Austria, are the principal places.

Mr. PALMER. Do they manufacture the yarn into cloth in Canada?

Mr. RHETT. No; not at all. It is all manufactured abroad.

Mr. PALMER. You bring your raw materials here from Canada?

Mr. RHETT. The raw materials all come from Canada.

Mr. PALMER. Where do they get their raw materials in Germany?

Mr. RHETT. It all comes from Canada.

Mr. PALMER. I see there is twice as much exported as there is imported.

Mr. RHETT. Of what?

Mr. PALMER. Under this schedule that you are talking about.

Mr. RHETT. Twice as much exporting of what?

Mr. PALMER. Of whatever is covered by this paragraph. You will observe that there were manufactures of asbestos exported last year amounting to \$520,000 and there were \$294,000 worth of imports.

Mr. RHETT. As far as I have been able to learn there is not one dollar's worth of fiber exported abroad.

Mr. PALMER. What is it that goes abroad, under this section?

PARAGRAPH 462—ASBESTOS.

Mr. RHETT. I have asked all the manufacturers, and none has ever been able to export a dollar's worth of it.

Mr. HARRISON. Do you not export the finished cloth?

Mr. RHETT. No.

Mr. HARRISON. Your raw materials are free?

Mr. RHETT. Our raw materials are free.

Mr. HARRISON. And there is a 25 per cent duty upon the finished product?

Mr. RHETT. Yes.

Mr. HARRISON. And your labor is 40 per cent of your finished product?

Mr. RHETT. No; it is 50 per cent, from 50 per cent to——

Mr. HARRISON. It is 10 cents out of 25.

Mr. RHETT. Yes; 40 per cent.

Mr. HARRISON. And your rivals' labor cost is 20 per cent of the finished product according to your figures, so that 20 per cent ad valorem would cover the difference in labor cost between you and your rivals, and the rate is 25 per cent.

Mr. RHETT. No; I thought I illustrated that to you. I will illustrate that very clearly to you again. The price of the raw material is the same in both places. It is 10 cents a pound. Labor here is 10 cents; labor abroad is 5 cents.

Mr. PALMER. Is there a tariff in Germany on the raw material?

Mr. RHETT. I do not think there is any tariff anywhere on the raw material. It goes in free everywhere.

Let us follow that. Ten cents here for raw material, 10 cents there; 10 cents here for labor, 5 cents there; 5 cents here for overhead charges, 3 cents there. Their cost is 18 cents and ours is 25 cents. Twenty-five per cent of 18 cents is $4\frac{1}{2}$ cents, which, added to the 18 cents, would be $22\frac{1}{2}$ cents. Therefore their cost, when it passes the customhouse, is $22\frac{1}{2}$ cents and our cost is 25 cents.

Mr. HARRISON. I am speaking of the difference in the labor cost between you and your rivals. Twenty per cent would cover the difference in the labor cost, whereas the duty is 25 per cent.

Mr. RHETT. No; the foreign manufacturer is importing his raw materials, and they cost him 10 cents. His labor costs him 5 cents; his overhead charges cost him 3 cents. That is a total of 18 cents at the customhouse without the duty. There is a tariff of 25 per cent, and that is a duty of $4\frac{1}{2}$ cents, and when the product passes the customhouse there is a charge of $22\frac{1}{2}$ cents.

Mr. KITCHIN. Do you have much foreign competition?

Mr. RHETT. We have, to the extent of about 25 per cent.

I give that to you fully in the paper that is prepared. You will find the figures showing exactly how that comes about.

Mr. KITCHIN. How much is your output?

Mr. RHETT. It is about \$200,000.

Mr. KITCHIN. That is the whole American output per year?

Mr. RHETT. The American output per year costs about a million and a half dollars.

Mr. KITCHIN. That is the manufacturers' price?

Mr. RHETT. No; that is what the cost price is.

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Mr. KITCHIN. About a million and a half dollars in the United States per year?

Mr. RHETT. Yes.

Mr. KITCHIN. It is increasing, is it not?

Mr. RHETT. Well, it has increased.

Mr. KITCHIN. How much is it increasing?

Mr. RHETT. It is increasing in this way: If you will take the statistics from the Department of Commerce and Labor you will find that raw asbestos in this country was imported to the amount of \$1,041,000 in 1907 and its importations in 1912 amounted to \$1,360,000.

Mr. KITCHIN. You are manufacturing 25 per cent more now of the manufactured article, in cost price, than you did four or five years ago, are you not?

Mr. RHETT. We have increased in the last six or seven years. Now, if you will allow me to follow those figures, I will answer you specifically as they are contained in that paper.

Mr. HAMMOND. Before you follow those figures, I would like to ask you a question. You say that Canada does not manufacture into cloth any asbestos?

Mr. RHETT. So I understand.

Mr. HAMMOND. But it is the great source of asbestos?

Mr. RHETT. The raw supply. Yes, it is mined there.

Mr. HAMMOND. Is there any asbestos mined in this country?

Mr. RHETT. No.

Mr. HAMMOND. Is there any in North Carolina.

Mr. RHETT. I do not know of any. If there is, it is a very small quantity.

Mr. HAMMOND. Yes.

Mr. RHETT. It is unappreciable. I do not know whether any of it at all is mined here. Out of \$1,041,000 probably \$1,110,000—

Mr. HAMMOND. The supply of Scotland and Germany comes from Canada?

Mr. RHETT. It comes from Canada. I can give you those specifically, if you will allow me to get my papers.

Mr. HAMMOND. Just a minute, please.

Mr. RHETT. If you will allow me to get my papers, I will give it to you. Here is the report of the—

Mr. HAMMOND. Now, if you will just give me your attention for a second, we find here that the exports from this country amounted to something like a quarter of a million pounds, running as high as a half million pounds, in a year. That is asbestos and the manufactures of it. I want to ask you if any of the Canadian asbestos is shipped through this country and exported from this country, although it is a Canadian export?

Mr. RHETT. I can not answer that question. Our factories were only opened three years ago.

Mr. PALMER. Just the manufactures of asbestos are given in that paragraph.

Mr. HAMMOND. You will notice that it refers to note 3, and note 3 covers "asbestos and manufactures of." This must be the asbestos that is mined in Canada and shipped to Scotland and Germany

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through the United States, and it is counted upon the exports of the United States, although it is simply shipped in transit through the United States.

Mr. KITCHIN. That would not be put down as entered for consumption.

Mr. RHETT. Gentlemen, I think you are confusing the kind of manufacture that I am representing here, which is merely the manufacture of yarn and cloth, with the other class of asbestos. Now, of this \$1,000,000 worth of asbestos that was imported here I do not believe \$300,000 worth was used in our class of business. We do not manufacture this asbestos that is used in paper or wrapped around pipes and things of that sort. This is a fiber mill. It produces yarn and then cloth, and that constitutes a very small proportion of the production of the fiber; but while the importations of raw asbestos into this country have increased only 35 per cent in these five years, when you look at the report of the Department of Commerce and Labor you will find that the importations of manufactured fiber asbestos, either yarn or cloth, have increased 125 per cent. While the importations of raw asbestos into America increased 35 per cent, the importations of manufactured asbestos increased 125 per cent. I knew that that was not the case in the fiber business, because I knew we increased in the last five or six years more than 35 per cent. In fact, when we began to canvass the situation, as near as we could get at it six years ago, the cost was \$750,000. It is now a million and a half dollars, so that the increase in the fiber business has been really in the neighborhood of 100 per cent, while the importations of raw asbestos have increased only 35 per cent; but, even at that, the increase in the importations in the business has exceeded the increase in the manufacture of our particular line. And why? Just because of these very things I am telling you about.

Mr. KITCHIN. Let us see if your business has not been increasing a little more than you think. In 1910 we imported, in round numbers, raw asbestos, 47,000 tons; in 1911 we imported about 57,000 tons, and in 1912 we imported about 62,000 tons. That is a pretty good increase, is it not?

Mr. RHETT. Yes.

Mr. KITCHIN. In 1911 we exported about \$390,000 worth; in 1912 we exported over \$500,000 worth, so that the increase in importations of the raw product and the increase in the exports of the finished product would show that our industry is certainly progressing.

Mr. RHETT. Not this part of it. You see, the trouble is that the asbestos is used for so many things.

Mr. KITCHIN. I know, but I am talking about the manufactures of asbestos.

Mr. RHETT. They claim that they have not exported one pound.

Mr. KITCHIN. The figures given us by the Department of Commerce and Labor show us otherwise; but what I am getting at is this: It looks as though your industry is not languishing; it looks as though its business is increasing. Now, you said that the cost of the foreign article, laid down here, with the duty, is about 22 cents.

Mr. RHETT. Twenty-two and one-half cents on the low grade; yes.

Mr. KITCHIN. Well, on the low grade.

Mr. RHETT. As against our 25 cents.

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Mr. KITCHIN. It costs us here about 25 cents?

Mr. RHETT. Yes.

Mr. KITCHIN. Does that include the manufacturer's profit, or is that the cost?

Mr. RHETT. No; that is the cost.

Mr. KITCHIN. That is only on the low grades. Now, on the high grades what is the difference?

Mr. RHETT. On the high grade of material the cost only varies from $7\frac{1}{2}$ cents to 15 cents, but the labor proportion increases very largely.

Mr. KITCHIN. So that the high-grade materials could be laid down here, with the present duty, much cheaper?

Mr. RHETT. Proportionately.

Mr. KITCHIN. Proportionately as cheap as the low grade?

Mr. RHETT. Yes.

Mr. KITCHIN. Now, what I do not understand is, if they can lay this stuff down here, with the duty added, at $22\frac{1}{2}$ cents a pound, which includes the cost and the foreign manufacturer's profit on the product, and your manufactured product here costs you 25 cents, how it is possible that a pound of this product is made in the United States. It seems to me that if your figures were correct the foreigner would be able to run you absolutely out of business, and instead of increasing your production and the exports you would be absolutely destroyed?

Mr. RHETT. In the first place, let me answer that question about the exportations. The asbestos brought in here is used in so many things that we are confusing the asbestos in the fiber mill, of which there is hardly one-third used in our product, with the asbestos used in other mills, which constitute more than two-thirds of it. That is exported, but I am only talking about the asbestos which is spun into yarn and from that into cloth. Of that I can not find that one single pound has ever gone out of this country. Not a single man has ever been able to export a single pound of it.

Now, in answer to the second——

Mr. KITCHIN. Suppose this would not be shown in the statistics of the Department of Commerce and Labor, but that it actually went in as one of the ingredients of another article that you are speaking of, would they enter that as asbestos?

Mr. RHETT. No.

Mr. KITCHIN. Unless the chief article in that was asbestos?

Mr. RHETT. Yes; but those are referring to the other two-thirds. We have here the representatives of four or five of these factories. There are only nine asbestos factories—fiber factories—in the United States. For 20 years that is all that we have been able to develop. Two of these do not produce \$100,000 gross a year. Our factory was only founded three years ago.

Mr. HILL. What are you asking for—a continuance of free entrance of this commodity?

Mr. RHETT. The continuance of 40 per cent on the cloth and putting yarn under the cloth, because I want to explain to you that there is no difference between the cloth and the yarn, and when it was established before, it was done under the assumption that it

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was going to include both; but the construction of woven fabrics excludes the yarn and includes the cloth.

Mr. HILL. You want the raw material to continue free?

Mr. RHETT. Yes.

Mr. PALMER. You have not answered Mr. Kitchin's second question yet.

Mr. RHETT. The man who builds a factory abroad is erecting a factory for his specific business. He can not afford to erect a factory over there and put his products into this country under the uncertainties of the tariff. He has to supply the demand in his immediate vicinity, and he dumps the surplus of his asbestos products here. Only the lower grades are sent over here, and it has to be made for a specific purpose. It is not a staple product as yet, and it is only used for four or five things, and these things have to be in different grades.

Mr. PALMER. Does he sell it here cheaper than he does abroad?

Mr. RHETT. I do not know.

Mr. PALMER. Is the foreigner's price cheaper than your price?

Mr. RHETT. The foreign price is cheaper, and therefore he probably gets in this country as much or more than he gets abroad; but he is increasing it, and I will say to you, gentlemen, that he has increased his product here in five years 125 per cent. That is a tremendous amount.

Mr. HULL. This 40 per cent rate was first enacted in the Payne law of 1909, and the increase in your business since the 40 per cent was first established has been greater than it was before. Prior to that time it was 25 per cent on all manufactures.

Mr. RHETT. Yes; all around.

Mr. HILL. Why did you say it was the intention of the Payne Tariff Act to put yarns and fabrics in the same classification?

Mr. RHETT. I say it was presumed to be that, simply because when you go through the process of manufacture, the extra cost of labor comes in the yarn, and not into the cloth.

Mr. HILL. Then, it is your idea that they did not understand what they were doing?

Mr. RHETT. No; I would not put it that way. I think probably the intention was at the time that it should cover all asbestos manufactures.

Mr. HILL. It was not any such intention at all.

Mr. RHETT. It was not? Well——

Mr. HILL. Do I understand properly your position? Your factory is in South Carolina?

Mr. RHETT. Yes.

Mr. HILL. You desire that this product should remain on the free list, and the yarn, which is now dutiable at 25 per cent, should be increased and put in the classification with the finished product, at 40 per cent?

Mr. RHETT. Yes.

Mr. HILL. And you are asking for protection on this article in that way of 40 per cent, instead of a reduction on the whole thing?

Mr. RHETT. I am asking for it, not because this is a matter of protection, but I maintain this Government would get more revenue by

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putting it at 40 per cent, and if it is on a revenue basis simply, we should put both of these articles on a 40 per cent rate.

Mr. HILL. Then you are asking this purely from a revenue standpoint?

Mr. RHETT. Purely from a revenue standpoint.

Mr. HILL. Then, if you say that the principle of protection is not intended, would you not get more revenue by putting a duty on the raw material?

Mr. RHETT. Probably you would.

Mr. HILL. Then it is not from the revenue standpoint that you are asking this?

Mr. RHETT. If you are going to put a tax on that product you have to do one of two things: You have to reduce the labor in this country, because you can not manufacture it in competition with the present scale of labor, and therefore you either have to run the industries out or reduce the labor.

Mr. HILL. Are you in favor of maintaining the duties on Schedule K at the rates at which they are now?

Mr. RHETT. I am not familiar with Schedule K.

Mr. HILL. You are familiar with asbestos.

Mr. RHETT. I do not know what that schedule is.

Mr. HILL. You are familiar with asbestos?

Mr. RHETT. Only in our branch of it.

Mr. HILL. As a matter of fact, is not the larger proportion of the supply of the raw material produced in the United States instead of coming from Canada?

Mr. RHETT. In America?

Mr. HILL. Yes.

Mr. RHETT. Will you give me that paper?

Mr. HILL. I will read to you the tariff notes on the last revision, as follows:

Since 1880 asbestos properties have been developed in Arizona, California, Georgia, Maryland, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, South Carolina, Vermont, Virginia, and Wisconsin. In 1902 we produced 40,416 tons, worth \$1,148,319.

Then it goes to the Canadian product:

Quantity, 45,544 tons; value, \$1,014,148.77.

So that, as a matter of fact, 10 years ago, or in 1902, to be accurate, the larger proportion of the raw material was produced in this country, notwithstanding the fact that it was admitted free from other countries. Now, do you not think it was pretty well taken care of, under the circumstances, by a 25 per cent duty on first manufactured product, of yarn, and 40 per cent on the finished product; and how is it possible for the State of South Carolina to come to this incoming administration and ask for an increase of duties on these finished or partly finished products, with its raw material free.

Mr. HARRISON. Before you answer, Mr. Hill, do you understand, as I do, that he was reading from the tariff notes used in the Payne-Aldrich revision? This committee is not committed to the use of those notes. They did not seem to work very well at that time.

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Mr. HILL. I do not want to enter into that controversy at all. Personally I would be in favor of reducing this duty under the facts as they are stated.

Mr. RHETT. Mr. Hill, I want to say at the beginning that I am a Democrat, and I have been all my life.

Mr. HILL. I do not care anything about that.

Mr. RHETT. And I believe in revising the tariff downward.

Mr. HILL. Downward, except on asbestos?

Mr. RHETT. Except on asbestos, you may say. I am in favor of framing a tariff bill based on a revenue basis.

Mr. HILL. Then you would put a duty on raw material, would you not?

Mr. RHETT. Perhaps you would; but I am not in favor of reducing the tariff where it is going to affect American industries and American labor and does not give any benefit to the consumer.

Mr. FORDNEY. Where would you reduce it, then.

Mr. RHETT. I do not know. You might reduce it in cotton and wool. What is asbestos used for? For automobile brakes, for electric insulation, and for curtains for theaters. There is not a single necessity of life that is contained in this thing. They are all luxuries. It does not amount to a row of pins to the consumer, nor will it reduce to the consumer his expense one iota. Are you going to break up American industries which are just beginning to appear here? There are only nine of these factories now. There is no combination of these factories, and they are not only in competition with themselves but they are in open competition with the importers. The importers have increased their products to a greater percentage than these nine struggling industries here have been able to do.

Mr. RAINEY. You think that asbestos curtains, which protect the lives of hundreds of people in theaters, are a luxury?

Mr. RHETT. In one sense, it would be, but it is not one of the necessities of life, which come into everyday use.

Mr. RAINEY. Asbestos is used as fireproofing generally, is it not?

Mr. RHETT. Well, it is fireproofing, in a certain sense. It has only gotten into four or five different channels.

Mr. RAINEY. In the helmets used by firemen, is not asbestos a part of those?

Mr. RHETT. Not our material. I never heard of any of the material of our mills being used in that way, nor the material of any of these gentlemen here?

Mr. RAINEY. Is not the manufactured product used in the helmets of firemen?

Mr. RHETT. I can not answer that. I do not think that was ever described to me. It is not made in our factory, and I do not think that any of the representatives here make it.

Mr. RAINEY. What do you make in your factory?

Mr. RHETT. Cloth and yarn.

Mr. RAINEY. What do you use the cloth and yarn for?

Mr. RHETT. They use it chiefly for asbestos curtains—let me see, I will give you the four chief things that it is used for. Automobile brake linings, steam packings, theater curtains, and electric insula-

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tions generally. Those are the four things in which the cloth and yarns manufactured in these factories are used for.

Mr. HILL, before I forget it, do not let me pass over this. You quoted there free asbestos into this country. I can only say to you that the fiber asbestos—we can not find a factory that has even been able to find a pound of this article for use in this country. Our factory has never been able to get it anywhere except from Canada. I understand from these gentlemen that they have never been able to get it from any other place.

Mr. HILL. You do not dispute the fact that there was more domestic product used in this country than was imported.

Mr. RHETT. It may have been asbestos that was used in other things, but none of it can be used in a fiber asbestos factory.

Mr. HILL. Then, all of the duty that would be put on the raw material would absolutely inure to the benefit of the Government and would not go into the pockets of the bloated manufacturer?

Mr. RHETT. Every bit of it.

Mr. HILL. Then, if you are really advocating this from a revenue standpoint, why do you not advocate the putting of a duty on raw materials?

Mr. RHETT. If you do that, you must either increase the duty on other materials or run out these factories. Whom will you benefit by that? You do not suppose factories in Europe are going to be built for exportation to this country instead of only sending their surplus products here?

Mr. HILL. I simply wanted to know how you justified your position.

Mr. RHETT. My view and opinion is this: When you increased the rate from 25 per cent to 40 per cent, the importation went on more rapidly than before.

Mr. FORDNEY. Mr. Rhett, do I understand you to say that there is no asbestos produced in this country that makes the material that you are talking about?

Mr. RHETT. So far as our factory is concerned, that is the case; and that applies to the factories of these gentlemen who are here, and who will follow me. You had better ask them when they make their statements. They have been in this business for 12 years, and ours is a young factory.

Mr. FORDNEY. Do you use in your factory any asbestos that is mined in this country?

Mr. RHETT. Not at all. Ours is all from Canada, and I am informed by one of the gentlemen who has come here that none of it is used in the fiber business.

Mr. KITCHIN. Where does this manufactured product come from that competes with yours?

Mr. RHETT. Here is the exact source of it: Scotland imported last year—or England and Scotland together, rather—imported \$164,000 out of \$338,000. Germany imported \$74,000; Austria-Hungary, \$70,000; and Belgium, \$17,000. The balance was negligible.

Mr. RAINEY. Altogether less than \$200,000?

Mr. RHETT. Altogether \$338,000. You will find that the duty on that amounted to four hundred and odd thousand dollars, coming into this country, as against a million and a half dollars.

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The CHAIRMAN. I want to ask you one question, Mr. Rhett.

The census of 1910 gave the production of articles under section 462 as \$12,159,989. Now, what other articles could increase that amount that you gave to \$12,000,000?

Mr. RHETT. What did you ask about the \$12,000,000?

The CHAIRMAN. The census of 1910 gives the production in the United States of the articles enumerated under section 462, "Manufactures of amber, asbestos, bladders, catgut, or whip gut or worm gut, or wax," of which this substance, or any of them, is the component material of chief value, etc. It gives the value of the articles enumerated in that section as \$12,159,000. Now, could you state what other articles make that up?

Mr. RHETT. I can give you some of them, but I would rather have that question asked of those gentlemen who have been in the business for a long time. I will tell you some of them. There is the manufacture of shingles. That is not a fiber product. That constitutes a large amount of the manufacture. There is the manufacture of paper and the manufacture of pipe coverings. None of these things are fiber manufacture at all. A shingle is not a fiber manufacture. You do not have to spin it. Out of the \$12,000,000, ours constitutes a million and a half dollars or two million. Now, a great deal of that \$12,000,000 is exported. But that is not what comes out of the fiber mills. It is not an article of the same class of manufacture. When they get this [indicating] they have to break it up and make it into a yarn, like this [indicating]. Then they spin it into a tape like that [indicating], or a cloth like that [indicating]. The element of labor enters into it to an enormous extent, and it does not enter at all into the matter of shingles. The rate of 25 per cent would be amply protective on a thing of that sort, but the labor element is so large here that unless you are going to disregard the labor element altogether, we must have a duty of that sort, in order to make this industry flourish, and the fact that we have not been flourishing is shown by our slow growth.

Mr. HULL. Speaking of your labor cost, how do you pay your labor—by the piece?

Mr. RHETT. No; they get so much a day. They range about \$15 per man per week.

Mr. HULL. That is, by time rather than by piecework?

Mr. RHETT. I suppose they vary on that. I doubt if every mill does the same way, but that is what they average. Some of the men get as much as \$18 or \$20, but the average is about \$15.

Mr. HULL. How is the foreign labor engaged in the same class of work paid?

Mr. RHETT. I can not tell you; but Dr. Huber, who follows me has been abroad, and has seen the factories there. Probably he can answer these questions more specifically. This is a new industry with us.

Mr. RAINEY. How many men are employed in this industry in this country?

Mr. RHETT. We employ about a hundred in our factory.

Mr. RAINEY. How many are employed in his industry altogether in this country?

Mr. RHETT. I could not tell you that.

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Mr. RAINEY. There are 8 or 9 factories?

Mr. RHETT. There are nine factories.

Mr. RAINEY. Are the others about as big as yours?

Mr. RHETT. Some of them are larger. Some of them do a business of \$50,000 and some \$75,000, respectively. I suppose ours is about an average.

Mr. RAINEY. They probably employ 1,000 men?

Mr. RHETT. At least, I should say.

Mr. RAINEY. Then, your interest is in these 1,000 men, in keeping up their wages, and in the Treasury of the United States?

Mr. RHETT. I feel this way, that here is an industry that is going to meet the demands of a new kind of business. We are not going to get that industry supplied. We have to learn it here, and we have to supply these needs that will be developed in the future for automobiles and other things. The manufacturers here are going to be able to supply these different things to meet the demands. They are not in that same position abroad. They will have to ship in a lot of articles that will have to be boxed and packed and unboxed and taken out, and half the time they are not the thing they want, and so forth, and if you are going to get your needs supplied here these factories alone are going to be able to do it. These manufacturers have not made any large amount of money. They are in active competition, not only among themselves, but with the importers, who are importing larger quantities of this material than we are making here. It should be considered whether by maintaining this 40 per cent the Government of the United States is going to suffer in its revenues.

If you conclude that the United States Government is not going to get any less revenue by making it 40 per cent, and at the same time you are not going to injure this industry, I say this is a case where it ought to be done.

Mr. HAMMOND. You want the entire tariff made 40 per cent?

Mr. RHETT. Out of \$338,000, less than \$240,000 came in in yarns.

Mr. FORDNEY. Does it require labor or expense to convert the yarn into cloth?

Mr. RHETT. It requires only a small amount.

Mr. FORDNEY. Then that small amount ought to be compensated for.

Mr. RHETT. It would be fully compensated for by 5 per cent.

Mr. FORDNEY. Five per cent would do that?

Mr. RHETT. I think the manufacturers generally would not care, the addition is so small, 3 cents labor as against what would be an average of 15 cents. It is a very small proportion. Therefore the manufacturers would not care if you placed both the same, on the 40 per cent basis.

Mr. FORDNEY. That is, the difference between the 25 per cent and the 40 per cent on yarn and cloth, in the existing law?

Mr. RHETT. Yes; there is 15 per cent, and we think that is too great a difference. The fact is, there is a great deal of yarn that comes in, and not so much cloth comes in.

Mr. FORDNEY. You think the duty is sufficient on yarn at 25 per cent?

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Mr. RHETT. I do not. The duty as fixed to-day allows the foreign products to come in at 22½ cents, as against our 25 cents, and therefore the foreign manufacturer has that advantage over the American manufacturer, by 2½ cents.

Mr. FORDNEY. Tell me, if you can, what is the difference between the asbestos found in this country and that found in Canada, and tell me why the Canadian asbestos can be used and ours can not be used?

Mr. RHETT. No; I can not tell you that. Those who follow me can probably tell you that.

Mr. FORDNEY. Is there any difference?

Mr. RHETT. Yes. One is fiber asbestos and the other is not; but I would suggest that you ask those questions of some people who have been in the business for 12 years. They can tell you more about it. We have to get all of ours from Canada, as we can not find any in this country that we can use.

Mr. HILL. Do you know of any reason why there should be a distinction drawn in this country between that and any other textile that is in the tariff law, that yarn should be given the same rate of duty as the finished product?

Mr. RHETT. There is a difference in the preparation of this yarn. The labor cost is the large proportion. In cloth it takes but very little labor.

Mr. HILL. Is not that true of wool and silk and cotton?

Mr. RHETT. Yes; the labor is a very small proportion as compared to this. It takes a great deal of labor to make that into yarn. When you take silk and cotton, with the new machinery in these industries, the question of labor is very small; but to get this into yarn the labor cost is enormous.

Mr. FORDNEY. Are there any importations of cloth under the existing law?

Mr. RHETT. \$96,000 last year.

Mr. FORDNEY. In proportion to the consumption, what does that amount to? What was the consumption in the United States?

Mr. RHETT. I do not know exactly the consumption of cloth separated. Yarn was \$241,000 and cloth was \$96,000.

Mr. FORDNEY. Then, as compared with our consumption of those goods in this country, you do not know what the imported quantity is?

Mr. RHETT. I should say in the neighborhood of 25 per cent.

Mr. FORDNEY. About 25 per cent?

Mr. RHETT. About 25 per cent.

Mr. FORDNEY. So that under the existing tariff laws those goods are coming into this country?

Mr. RHETT. They are coming in, and they have increased 125 per cent in the last five years.

Mr. FORDNEY. How has the price to the consumer of these goods ranged since the establishment of that law—up or down?

Mr. RHETT. Since the establishment of the law?

Mr. FORDNEY. Yes.

Mr. RHETT. I do not know that there is any difference in the amount of importations. I do not know that it has increased the cost very appreciably.

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Mr. FORDNEY. Well, do you make the cloth?

Mr. RHETT. We make the cloth; yes.

Mr. FORDNEY. What has been the prevailing price of your cloth?

Mr. RHETT. We were not in existence. We have been only in existence three years.

Mr. FORDNEY. Has it gone up or down since you have been in the business?

Mr. RHETT. I do not know that that would be governed at all by this law, because the tariff law went in in 1909 and we were not established.

Mr. FORDNEY. You started in after the adoption of that law?

Mr. RHETT. When you first start in, it takes a long time before you are actually able to put goods on the market.

Mr. FORDNEY. Well, have your prices ranged up or down since you have been in business?

Mr. RHETT. I can not tell you that. It has ranged up and down, but I do not think it is largely governed by the importations.

Mr. FORDNEY. You do not know whether, since you started into this business, the price of this cloth has gone up or down?

Mr. RHETT. No; I can not tell you that.

Mr. FORDNEY. Yet you have only been in business for three years?

Mr. RHETT. We have only been in business for three years. I am not familiar with that particular detail; the president is here if you want to ask him that.

Mr. RAINEY. How much came in five years ago?

Mr. RHETT. How much what?

Mr. RAINEY. You said the importations——

Mr. RHETT. \$150,000.

Mr. RAINEY. How much comes in now?

Mr. RHETT. \$336,701.

Mr. RAINEY. One hundred and twenty-five per cent increase?

Mr. RHETT. One hundred and twenty-five per cent increase.

Mr. RAINEY. You do not think that is a very large increase, do you?

Mr. RHETT. I think that is pretty good, when the increase in our manufactures here has not been 100 per cent.

Mr. RAINEY. If \$1 worth had come in five years ago and \$4 worth came in now, that would be a 300 per cent increase, and still that would not be very much coming in, would it?

Mr. RHETT. No; but the proportion of increase has been 125 per cent.

Mr. RAINEY. Well, when the total is so small, it does not amount to much?

Mr. RHETT. But that is pretty good when you have to figure against 25 per cent of the total consumption. That will set the price very often.

Mr. KITCHIN. What is the proportion of the raw material—that is, of the asbestos—in one of these finished products of yours; 20 or 25 or 50 per cent?

Mr. RHETT. Of the finished material?

Mr. KITCHIN. Yes.

Mr. RHETT. Every particle is asbestos.

Mr. KITCHIN. If you have a hundred dollars' worth of finished product what proportion would be the raw product; the asbestos?

PARAGRAPH 462—ASBESTOS.

Mr. RHETT. About 40 per cent.

Mr. KITCHIN. And the other, the 60 per cent, is labor and overhead charges?

Mr. RHETT. Labor and overhead charges. I think the labor constitutes 40 per cent and the overhead charges 20 per cent. Of course, the overhead charges abroad are a little less than our overhead charges. That includes superintendence and sales and all that sort of thing.

Mr. FORDNEY. During the time that the importations have increased, what has been the increase of the home production?

Mr. RHETT. One hundred per cent, while there has been an increase of 125 per cent, so that the competition has been very active.

Mr. FORDNEY. The evidence, then, is that the law is sufficiently low now to let in competition?

Mr. RHETT. It is. It has let competition in to the extent of its increasing 125 per cent, and they are now selling 25 per cent of the goods.

Mr. RAINEY. But our figures show that the production was over \$12,000,000?

Mr. RHETT. But a large amount of that is not in the fiber business at all. Ten millions of that is in the shingles and paper.

Mr. RAINEY. The note indicates that it is in the same industry.

Mr. RHETT. As far as I can understand, the sale value to our industry would hardly be \$2,000,000. The rest of it is in other things; I do not know what.

Mr. HAMMOND. I suppose this steam business refers to the wrappings about steam pipes?

Mr. RHETT. Yes; but that does not pass through the factory at all.

Mr. HAMMOND. It is a paper?

Mr. RHETT. It is a kind of paper. It is a mixture, but it is not spun. What we are asking for is protection on the spinning.

Mr. HAMMOND. It is not asbestos paper?

Mr. RHETT. No; it is only in yarn and in cloth that the labor element enters so largely.

Mr. RAINEY. Do you not make the paper in this country?

Mr. RHETT. Yes; but none of us do. We are only asking this for the asbestos textile industry or the mills which produce about \$1,500,000 to \$2,000,000 worth of that in 12 months.

Mr. RAINEY. You just want protection for whatever your mill produces, and let everything else take care of itself?

Mr. RHETT. No; we do not know anything about their business. The only business we are interested in is this textile business, of which we know the labor element constitutes so large a part that unless our labor goes down, it is impossible to compete.

Mr. KITCHIN. Is this asbestos which is imported here going into the manufacture of products such as you make?

Mr. RHETT. Not one-third of it, hardly one-fifth of it. The balance of it goes into a product which is like steam wrapping and asbestos covering and shingles. That is another very large industry.

Mr. FORDNEY. You say the difference in cost between the yarns and the cloth would be compensated by 3 per cent?

Mr. RHETT. Three cents. They tell me that 3 cents is the average of the difference in the cost of labor to turn the yarn into the cloth.

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Mr. FORDNEY. As the present law reads 25 per cent, as I have it, and 40 per cent, where would that 3 cents bring the raw material? How near would that bring the raw material up to the finished product?

Mr. RHETT. I will give you an illustration of the difference in yarn and cloth. Take this illustration which I first gave to you, of 10 cents for material in yarn, 10 cents for labor, and 5 cents for cloth. Add 40 per cent to that on the yarn product, which is 10 cents for material, 5 cents for labor, and 3 cents overhead cost, and 40 per cent would be 7.2; adding the 7.2 to the 18 would give 25.2. In this country the yarn would cost 10 cents for the material, 10 cents for the labor, and 5 cents for the overhead charges, or 25 cents. If you add 40 per cent to the foreign product, it will be 25.2 and our product will be 25 per cent even.

Mr. FORDNEY. Then suppose the duty on the raw material were raised to bring it up to a proper basis of difference between the cost of production of the yarn and your cost, what point would that be brought to?

Mr. RHETT. If you put a duty on the raw material and the man on the other side has no duty on it—

Mr. FORDNEY (interposing). I am supposing now that in order to get a revenue for this Government—because you say there is none of that asbestos produced in this country—

Mr. RHETT (interposing). Not a bit.

Mr. FORDNEY (continuing). It must be imported, and therefore, in order to get revenue, suppose we raise the duty on raw material; how near would we have to bring it to this 40 per cent to get the proper difference in the manufacture of the cloth out of the yarn?

Mr. RHETT. If they put what duty on the raw material?

Mr. FORDNEY. If they raise it up and bring it up to a proper difference between the cost of the yarn and the cloth?

Mr. RHETT. You mean raise the duty on yarn?

Mr. FORDNEY. No; on the raw material. The duty on the raw material is 25 per cent, and on your finished product—

Mr. RHETT (interposing). There is no duty on the raw material.

Mr. FORDNEY. On yarn, I meant to say.

Mr. RHETT. The duty on yarn brought here is 25 per cent, and 40 per cent would equalize that within two-tenths of 1 cent. It would make the cost in this country 25 cents, and give them a cost here of 25.2 cents.

Mr. FORDNEY. Suppose they brought the yarn up to make a proper difference, they would have to bring it up to 38 per cent?

Mr. RHETT. That is right.

Mr. HARRISON. Your time has expired, Mr. Rhett.

Mr. HILL. Just a moment, please.

This is a very good illustration of the Payne tariff law. You started your factory when?

Mr. RHETT. Three years ago.

Mr. HILL. That is the year after the Payne tariff law was enacted. As a matter of fact, are you doing well? I am not going to ask what your profits are—I do not think that is a proper inquiry. But are you doing fairly well in the industry?

Mr. RHETT. We think we are beginning to do well.

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Mr. FORDNEY. You think there is a chance of doing well under the 40 per cent duty?

Mr. RHETT. I think there is a chance of our doing well; yes. I think there is a chance of increasing our business under the present duty.

Mr. HILL. What was the particular reason why you did not start this industry before the Payne tariff bill was passed?

Mr. RHETT. Simply because we had not learned the industry. We had been studying several years, and buying and selling yarns and calculating, but we found we could get hold of the raw material and we thought it best to go right to the bottom and we created a trade and took the article—

Mr. HILL (interposing). You had given no consideration to that before the passage of the Payne tariff law?

Mr. RHETT. I do not think the passage of that bill, Mr. Hill, entered into the consideration of these people. I think they had been studying the question before.

Mr. HILL. If you will look at the Payne tariff bill and the Dingley tariff law you will find the protection which is on now and is given to you now in the manufacture of the cloth was put on there in the Payne tariff bill.

Mr. RHETT. Yes.

Mr. HILL. Prior to that it was counted as manufactures of asbestos, which included the yarn and cloth.

Mr. RHETT. Yes; and they had 25 per cent.

Mr. HILL. But at the instance of somebody, and on just as complete a showing of the lack of protection at 25 per cent on the finished cloth as you are making now, that committee, of which I was one, cheerfully voted for this proposition and gave a protection to you reaching 40 per cent on your particular product of woven fabric, and then you started in the business.

Mr. RHETT. No, Mr. Hill, I must correct that, for this reason: The importations of woven fabric in this country are not large, and that is not the main business. That protection of 40 per cent was not altogether what carried us forward in this business. The 25 per cent of protection that we had before was sufficient to cause us to go in and learn the business. We simply thought there was an opportunity to manufacture, and we thought so, to our cost, for two years. We think we have learned enough now to make something out of it.

Mr. PAYNE. What are you for at this minute, 25 per cent or 40 per cent?

Mr. RHETT. I simply think the 40 per cent tariff which exists now ought to be maintained, and that the yarn ought to be placed with the cloth, simply because it is the same thing or practically the same thing. If you think there ought to be a difference of 3 or 4 per cent I will agree there is that slight difference.

Mr. PAYNE. Still you just said you thought 25 per cent then was sufficient in 1909. I can not understand your Democratic doctrine.

Mr. RHETT. I am glad the country did not agree with you.

Mr. PAYNE. I think you are getting mixed up about it a little now.

Mr. HILL. You stated before that the law was satisfactory at 25 per cent ad valorem.

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Mr. RHETT. You must get this straight. If you put that rate of tariff at 40 per cent to-day, you will increase the revenue to the country, because I do not believe it will stop importations one way or the other. I think from a revenue standpoint this Government will benefit by making the whole tariff 40 per cent.

Mr. PAYNE. You forget that we get revenue from the prosperity of the country, and the prosperity of business when the people have money to spend, and the greatest income of the Government has always been under a protective tariff, under which the people could do work and manufacture goods and pay wages, and the people had something to buy with and import.

Mr. RHETT. I am sorry I do not agree with your protective views.

Mr. HARRISON. Mr. Rhett, I think the committee understands your position, and as we have about 100 more witnesses on the calendar, I hope you will not proceed further.

Mr. RHETT. Thank you, Mr. Chairman; I will suspend.

The brief of the General Asbestos & Rubber Co. follows:

GENERAL ASBESTOS & RUBBER CO.,
Charleston, S. C., February 17, 1915.

Hon. WYATT AIKEN,
House of Representatives, Washington, D. C.

DEAR SIR: We are taking the liberty of requesting you to kindly look carefully over the brief filed by the manufacturers of asbestos textiles; said brief was filed with the Ways and Means Committee and comes under heading of Schedule N. The hearing of said schedule was on January 29. We trust that after reading the brief, as well as the statements made by parties interested, that you will see the reasonableness of our claim. You will find this data under paragraph 462.

We are the only Southern manufacturers of this article, there being only about eight in the United States, but we are now having active competition from abroad and in several instances of recent date our prices have been underbid by foreign manufacturers. We need the 40 per cent ad valorem on asbestos yarns, as well as on the woven materials. Woven materials it is, of course, understood include everything in the textile line of this particular business, but yarns; and yarns being the first principle in textile manufacture, you can readily see the position we are in. We inclose a list of the names of the manufacturers, their location, money invested, and number of employees, who are engaged in this business.

We trust that you will get in touch with the members of the Ways and Means Committee in advance of their making up their recommendations for the next Congress.

Thanking you in advance for your cooperation in behalf of these manufacturers, as well as ourselves, we are,

Very truly, yours,

GENERAL ASBESTOS & RUBBER CO.,
C. B. JENKINS, President.

Name of company.	Location.	Money invested in business.	Employees.
United States Asbestos Co.	Manheim, Pa.	\$350,000	175
Asbestos Fiber Spinning Co.	North Wales, Pa.	179,000	100
American Asbestos Co.	Norristown, Pa.	60,000	63
Fiber Rock Manufacturing Co.	Manayunk, Pa.	20,000	30
Keesbey & Mattison Co.	Ambler, Pa.	1,000,000	375
General Asbestos & Rubber Co.	Charleston, S. C.	200,000	125
H. W. Johns-Manville Co.	Camden, N. J.		
Asbestos & Rubber Works of America.	Erie, Pa.	175,000	85
H. F. Watson Co.			

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TESTIMONY OF C. HUBER, OF THE ASBESTOS FIBRE & SPINNING CO., NORTH WALES, PA.

The witness was duly sworn by the chairman.

The CHAIRMAN. Gentlemen, we have two more asbestos men following Mr. Huber, and if we do not progress faster than we have been this morning we will not get through with this list of witnesses at all. I hope the members of the committee will assist in confining the witnesses to 10 minutes each.

You may proceed, Mr. Huber.

Mr. HUBER. I simply came to ask this committee to place the duty on yarn the same as it is now on woven fabrics, for the simple reason that the cost of labor in this country is so much greater than the cost of labor abroad, and we can not compete unless we have the duty; we can not manufacture the goods and sell them in this country against the foreign manufacturer.

The cost of labor in producing a yarn out of asbestos is very different from any other manufacture of textile goods. It has to be worked very much slower, and consequently consumes very much more labor, and labor is the principal portion of the expense in the manufacturing of the yarn, as well as the woven fabric. Therefore, we would ask you to place the duty on both, and not have it 25 per cent on one and 40 per cent on the other.

Mr. HULL. A representative of your industry did not appear before the Ways and Means Committee when the bill was drafted?

Mr. HUBER. Yes, sir.

Mr. HULL. Did they ask for an increase of the rate on both the yarn and the cloth at that time?

Mr. HUBER. The increase was asked for; yes, sir. The same increase was asked for. Why it was not put on the same way I can not understand and can not tell you. We asked for an increase on the asbestos textile goods.

In the importation of this raw material I would wish to inform you that there are not 100 tons of asbestos produced in this country that can be used to manufacture textile goods. All the asbestos that has been found in this country is either used in paints, as powder, or in pipe covering, or in paper. I have never found but one mine that produced goods that were used or that we could use in spinning. I have seen them all. I have examined goods out of pretty nearly every mine in the country. The best I have found is out in Wyoming, but it was not worth one cent for spinning purposes.

Thank you, Mr. Chairman.

To the chairman and members of the Ways and Means Committee.

GENTLEMEN: Section 462 of the present tariff act of 1909 is as follows:

"Manufactures of amber, asbestos, bladders, catgut, or whip gut or worm gut, or wax, or of which these substances or any of them is the component material of chief value, not specially provided for in this section, twenty-five per centum ad valorem; woven fabrics composed wholly or in chief value of asbestos, forty per centum ad valorem."

The manufacture of asbestos is an industry which was begun in this country about 20 years ago. Prices then were considerably higher than they have ever been since, this reduction being brought about and maintained by active competition amongst domestic manufacturers and with foreign importers. The product is divided into two classes: Yarns and cloth.

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All raw material comes from Canada and costs from 7½ cents to 15 cents per pound. There is a shrinkage and waste which makes the cost of the net pound in the yarn from 9 to 18 cents.

Raw asbestos is brought in as a solid mass. It is broken up and then handled very much like cotton. The fiber is so frail, however, that the expense of producing the yarn is many times greater than with cotton. It takes a man to every loom. The speed at which the machinery is run must be reduced very low and even then the breakage is frequent. The result is that the labor cost is very high, varying from 10 cents per pound upward to several times that amount.

The cost of medium grade of yarn would be about as follows:

Asbestos.....	per pound..	\$0.10
Labor.....	do....	.10
Overhead charges.....	do....	.05
Total.....	do....	.25

A higher grade of yarn would show a larger proportion of labor costs.

To manufacture the cloth there is only an addition of about 3 cents in labor and 1 cent in overhead charges, so that the cost of the "woven fabric" may be represented as follows:

Asbestos.....	per pound..	\$0.10
Labor.....	do....	.13
Overhead charges.....	do....	.06
Total.....	do....	.29

The cost of labor in this country is about \$15 per week for men, \$8.50 per week for boys, and \$7 per week for girls. The cost of the same labor abroad varies from 40 per cent to 60 per cent of these amounts.

It will be recalled that under the present act the tariff on yarn is 25 per cent and on "woven fabrics" or cloth it is 40 per cent.

It may be well to compare the costs of both of these products here and abroad.

	Here.	Abroad.
Yarn:	<i>Cents.</i>	<i>Cents.</i>
Asbestos.....per pound..	10	10
Labor.....do....	10	5
Overhead charges.....do....	5	3
Duty, at 25 per cent.....		4.50
	25	22.50
Cloth:		
Asbestos.....per pound..	10	10
Labor.....do....	13	6.50
Overhead charges.....do....	6	4
Duty, at 40 per cent.....		8.20
	29	28.70

Freight is a negligible quantity.

It would seem, then, that at the present rates the foreigner has the advantage on both products.

Let us see whether the growth of the sales from the two sources would confirm this.

The importations of raw asbestos and of the manufactured products, respectively, are given by the Department of Commerce and Labor, since 1907, as follows:

	1907	1908	1909	1910	1911	1912
Raw.....	\$1,041,546	\$1,115,800	\$1,021,390	\$1,122,035	\$1,318,539	\$1,378,521
Manufactures.....	150,313	158,748	220,359	289,181	293,651	336,701

The increase of the former is about 35 per cent, of the latter 125 per cent. But a canvass of the cost of the manufactured products of asbestos in 1907 shows that it

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amounted to about \$750,000, while in 1912 it amounted to about \$1,500,000. This would make the apparent increase 100 per cent, which is still considerably less than the percentage of importations.

It will also be noted that the increase in the importations were greater after the increase in the tariff of 1909 than it was before.

If we add to the importations of yarn in 1912, i. e., \$241,064, a tariff of 25 per cent, and to the importations of cloth, i. e., \$96,488, a tariff of 40 per cent, the value of the imported products at its cost here (which we have seen is, with the tariff, still less than ours), it would be \$436,413, against \$1,500,000 for our total product—or nearly one-third as much. This is a very fair proportion.

It would seem that the term "woven fabrics" was intended to cover both yarn and cloth, or else the elements in the manufacture of the two were not clearly understood. Yarn is the foundation. Into it the element of labor enters very largely. The additional labor employed in its conversion into cloth is very slight. The tariff should be the same and should be 40 per cent on both yarn and cloth. This would come very nearly equaling the cost. It would certainly leave no advantage with us except in the very lowest grades.

The product of an asbestos factory is used for automobile and other brake linings; in steam packing; in theater curtains, and in electric insulations. None of these can be termed the necessities of life. The industry after 20 years can only boast of 9 factories, none of which are of any great size. Not one of these has ever been able to ship a pound out of this country. There is no trust involved here. Open competition exists amongst each other and with the importers. The business of the latter has grown more rapidly under the present tariff than under the former tariff and now constitutes nearly one-fourth of the total consumption.

Viewed solely from a revenue standpoint, a rate of 40 per cent on yarns and cloth would give an increased revenue to the Government. It is more than doubtful whether a reduction in the rate would be followed by any increase in the importations, as this is the only dumping ground for the foreign surplus product. We have no surplus product and are struggling to make ends meet under present conditions.

If the committee takes into consideration the actual cost of labor here and abroad, it would require a 40 per cent tariff on both yarn and cloth to give us an equal chance and a fair competition, and we ask that paragraph 462 be amended so that the last sentence thereof shall read as follows:

"Yarns and woven fabrics, composed wholly or in chief value of asbestos, 40 per cent ad valorem."

Respectfully submitted.

C. B. JENKINS,
President General Asbestos & Rubber Co.

A. R. ZIMMERMAN,
President United States Asbestos Co.

CHRISTOPHER HUBER,
President Asbestos Fiber Spinning Co.

TESTIMONY OF G. L. HILL, OF THE UNITED STATES ASBESTOS CO.

The witness was duly sworn by the chairman.

Mr. G. L. HILL. Mr. Chairman and gentlemen, I have very little to add to what Dr. Huber has said. In the first place, being from Pennsylvania, I naturally am for protection—

Mr. PALMER (interposing). That does not follow.

Mr. G. L. HILL. You asked a question a few moments ago, Mr. Palmer, and said you could not see any reason why foreigners could not come here and clean us up if the conditions were such as set forth by Mr. Rhett. They could; if they had the sales organizations and knew the country as we know it, they could clean us up.

Mr. PALMER. That condition is not going to change, is it?

Mr. G. L. HILL. It is changing. It is changing gradually.

It is a fact that there is no spinning asbestos found in this country. There are no spinning fibers found here at all. Every bit of that

PARAGRAPH 462—ASBESTOS.

comes from Canada, and these exportations referred to are largely exportations of fiber which were bought in New York and shipped abroad from New York, and that constitutes the whole of it, with the exception of pipe coverings and a few specialties which do not enter into the spinning and weaving proposition at all.

Mr. PALMER. Who owns these asbestos mines in Canada?

Mr. G. L. HILL. These asbestos mines in Canada are owned principally by Canadians.

Mr. PALMER. Are they not largely owned by American manufacturers?

Mr. G. L. HILL. No, sir.

Mr. PALMER. There are American manufacturers interested in them?

Mr. G. L. HILL. There is one mine in Canada, I believe, which is owned entirely by an American manufacturer, but the other mines are owned principally by Canadian capital and by English capital. It is a fact that if there was any duty on raw asbestos, we simply would have to shut down. It is a fact that if the duties are lowered, we will have to shut down. We have struggled along for 10 years and none of us have made any money, and largely due to the fact we have had a foreign competition, and we have been obliged to meet foreign prices with our product, and that is one reason why the foreign sales have not grown any more.

Mr. PALMER. The difficulty with your foreign competition is simply in the matter of labor. So far as the raw material is concerned you have an advantage over the foreigner.

Mr. G. L. HILL. I do not think so.

Mr. PALMER. Your raw material is nearer to you than the Germans.

Mr. G. L. HILL. Yes; but there is something in the freight rate to be considered. While it costs us just as much for the material itself, the freight from Canada into Pennsylvania costs just as much as the freight on the asbestos that is taken to Germany. It is just as cheap there as here, so far as freight rates are concerned. Of course they have an advantage in labor. Their labor over there will average 25 to 35 cents a day, while our average labor here is \$2.50 and up. And it is not only the labor of spinning the asbestos and weaving it. It is the labor that goes into the whole thing, which Mr. Rhett referred to as indirect. It costs them less to build their buildings; it costs them less for their machines; their machines over there can be built for half the price of ours. Their whole investment is considerably less than ours.

Mr. HULL. Where do you get your machines?

Mr. G. L. HILL. We get our machines here in this country. There is only one concern in this country that makes them. We pay anywhere from \$3,000 to \$5,000 for our machines, whereas the same machine used abroad can be bought for about \$1,200 or \$1,300.

Mr. HULL. What is the tariff on those machines?

Mr. G. L. HILL. I do not know, sir. I know the machinery, by the time it is landed here—

Mr. HULL (interposing). What is the name of the concern from whom you purchase?

Mr. G. L. HILL. Smith Berwin Machine Co., Philadelphia.

PARAGRAPH 462—ASBESTOS.

Mr. PALMER. Do the Germans have a tariff on raw material?

Mr. G. L. HILL. I do not know whether they have or not, but I know that has cost us so much that we have never been able to export a pound of fabric of any kind.

The CHAIRMAN. Are there any further questions? If not, you may be excused, Mr. Hill.

BRIEFS ON ASBESTOS AND MANUFACTURES THEREOF.

NEW YORK, January 3, 1913.

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The importers of asbestos manufactures, through their general counsel, urge the removal of the present duty rate upon manufactures of asbestos, now fixed at 25 per cent ad valorem; woven fabrics composed wholly or in chief value of asbestos, 40 per cent ad valorem.

The interests represented in this brief refer specifically to manufactures of asbestos in two forms—flange or valve packing and pump packing—both these products being used in mechanical arts and processes.

Of these packings there are used at the present time approximately from 3,000,000 to 5,000,000 feet in this country, and the same enter into a very large number of lines of use in practical mechanics.

The fact that these goods are especially fit for use in superheated steam fittings, in high-pressure flanges, valves, and pumps, and in all fittings exposed to ammonia and acids, and that no other fittings are equal to them or qualified to endure high-pressure or acid test renders the asbestos packing most desirable and gives to its use a constantly increasing demand.

It is produced at the present time in this country and, as nearly as may be estimated, the home product supplies from 90 to 95 per cent of the demand.

As a result of these conditions, the present duty of 25 per cent enables the American producers, of whom there are only two or three, to fix the price to the consumer very materially higher than would be the case if these goods were placed upon the free list and the foreign asbestos packing could come into competition in the market with that produced in this country.

Not only does the present duty rate enable the home product to establish itself upon a plane of high prices, but the 25 per cent duty rate permits the American product to be of a much lower grade than the foreign and still to occupy approximately the entire market.

The result of present conditions is to foster a combination or trust in this product, to enable the American producers to demand and receive from the consumers a price unnecessarily high, and in addition to supply a quality of goods not equal to those produced abroad.

The present tariff act builds an almost insurmountable wall around this particular article, and forces from the American user a price at least 20 per cent in excess of what would be the market were the foreign goods placed upon the free list, while at the same time the quality of the American product falls below that produced abroad.

There is no data available, official or otherwise, that can be offered to show the revenue now received from these importations, but when it is remembered that the American production supplies practically 95 per cent of the demand in this country it will be seen that the 5 per cent or thereabouts of foreign importation is almost negligible as a revenue producer.

This article may be termed a necessity, becoming more and more so as the science of mechanics advances, and as this tariff protection is not required to enable the American producer to continue as manufacturer, it could hardly be justified as a necessary protection, nor is it possible to consider it in the light of any material benefit to the revenue.

For all of the above reasons it is respectfully submitted that manufactures of asbestos should be taken out of the duty class and placed upon the free list.

All of which is respectfully submitted.

FRANCIS E. HAMILTON,
Counsel for Importers of Asbestos Wares.

PARAGRAPH 462—ASBESTOS.

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The Danubil Works, of New York City, through its general manager, urges the removal of the present duty rate upon manufactures of asbestos now fixed at 25 per cent ad valorem; woven fabrics composed wholly or in chief value of asbestos, 40 per cent ad valorem.

The interests represented in this brief refer specifically to manufactures of asbestos in two forms, flange or valve packing, and pump packing, both these products being used in mechanical arts and processes.

Of these packings there are used at the present time approximately from three to five million feet in this country, and the same enter into a very large number of lines of use in practical mechanics.

The fact that these goods are especially fit for use in superheated steam fittings, in high-pressure flanges, valves, and pumps, and in all fittings exposed to ammonia and acids, and that no other fittings are equal to them or qualified to endure high-pressure or acid test, renders the asbestos packing most desirable and gives to its use a constantly increasing demand.

It is produced at the present time in this country, and as nearly as may be estimated, the home product supplies from 90 to 95 per cent of the demand.

As a result of these conditions the present duty of 25 per cent enables the American producers, of whom there are only two or three, to fix the price to the consumer very materially higher than would be the case if these goods were placed upon the free list and the foreign asbestos packing could come into competition in the market with that produced in this country.

Not only does the present duty rate enable the home product to establish itself upon a plane of high prices, but the 25 per cent duty rate permits the American product to be of a much lower grade than the foreign and still to occupy approximately the entire market.

The result of present conditions is to foster a combination or trust in this product, to enable the American producers to demand and receive from the consumers a price unnecessarily high, and in addition to supply a quality of goods not equal to those produced abroad.

The present tariff act builds an almost insurmountable wall around this particular article and forces from the American user a price at least 20 per cent in excess of what would be the market were the foreign goods placed upon the free list, while at the same time the quality of the American product falls below that produced abroad.

There is no data available, official or otherwise, that can be offered to show the revenue now received from these importations; but when it is remembered that the American production supplies practically 95 per cent of the demand in this country it will be seen that the 5 per cent or thereabouts of foreign importation is almost negligible as a revenue producer.

This article may be termed a necessity, becoming more and more so as the science of mechanics advances, and as this tariff protection is not required to enable the American producer to continue as manufacturer it could hardly be justified as a necessary protection, nor is it possible to consider it in the light of any material benefit to the revenue.

For all of the above reasons it is respectfully submitted that manufactures of asbestos should be taken out of the duty class and placed upon the free list.

All of which is respectfully submitted.

Dated, New York, January 3, 1913.

FRANCIS E. HAMILTON,
Counsel for Danubil Works, 52 Broadway, New York.

JANUARY 23, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman, Ways and Means Committee, Washington, D. C.

DEAR SIR: We, the undersigned, representing the asbestos manufacturing industries of the United States, desire to call your attention to the following facts.

The manufacture of asbestos products in this country is an industry still in its infancy.

The manufacturers have invested in the production of this class of goods approximately \$3,000,000, employ a total of about 1,500 people, to whom they pay an average wage to men of \$15 per week; to boys, \$6.50 per week; to girls, \$7 per week.

In order to maintain and carry on our business in asbestos manufactures, we feel that we should have a tariff duty of at least 40 per cent ad valorem on all classes

PARAGRAPH 463—HORN COMBS.

of manufactured textiles, this term comprising yarns, as well as woven material, of which the component part of chief value is asbestos, as described in the present tariff act of August 5, 1909, Schedule N, paragraph 462, in which the word "yarn" was inadvertently omitted, and which article—the foundation of the asbestos textile industry—should be now classified with woven materials, as originally intended.

We would respectfully call your attention to the fact that more than 100 per cent of the cost value of our manufactured asbestos textiles is due to the cost of labor, while in Europe, owing to the great difference in the cost of labor, the same asbestos products can be manufactured at less than one-half the labor cost here.

We further desire to call your attention to the fact that there is no crude asbestos mined or produced in the United States, suitable for the manufacture of asbestos textiles. All the crude asbestos which we use comes from abroad.

During the fiscal year ended June 30, 1912, there was imported into the United States crude asbestos to the value of \$1,378,682, which was manufactured here at an additional cost of more than 100 per cent for labor.

During the same period of time there was imported into the United States manufactured goods to the extent of \$241,064, on which 25 per cent duty was paid, and manufactured materials to the extent of \$96,488, on which 40 per cent duty was paid.

Notwithstanding the present duties of 25 per cent on asbestos yarns and 40 per cent ad valorem on woven asbestos materials, these present duties are so inadequate a protection to our young and struggling industry that within the past half a dozen years the importation of these asbestos textile products has increased over 100 per cent in volume. More than doubled, in spite of all our efforts to compete with the German and English manufacturers, both of whom derive their crude material from the same foreign source (Canada) as ourselves.

Inviting your earnest, thoughtful, consideration to the above facts, as we feel that the maintenance of the 40 per cent duty for which we are asking upon all asbestos manufactures is only a very moderate rate of duty indeed—not even balancing the difference in labor cost alone—for the partial protection of the skilled labor which American manufacturers are employing, we, the undersigned, desire to meet the Ways and Means Committee on Wednesday, January 29, if convenient to the members of the committee.

Respectfully,

H. V. EVERHAM,
Secretary Keasbey & Mattison Co., Ambler, Pa.

C. B. JENKINS,
President General Asbestos & Rubber Co., Charleston, S. C.

S. R. ZIMMERMAN,
President United States Asbestos Co., Manheim, Pa.

CHRISTOPHER HUBER,
President Asbestos Fiber Spinning Co., North Wales, Pa.

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Manufactures of bone, chip, grass, horn, quills, india rubber, palm-leaf, straw, weeds, or whalebone, or of which these substances or any of them is the component material of chief value, not specially provided for in this section, thirty-five per centum ad valorem; but the terms "grass" and "straw" shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof; sponges made of rubber, forty per centum ad valorem; combs, composed wholly of horn, or composed of horn and metal, fifty per centum ad valorem.

See Geo. Borgfeldt, page 5224.

HORN COMBS.**TESTIMONY OF JOHN WALTON, REPRESENTING JACOB WALTON SONS, FRANKFORD, PHILADELPHIA, PA.**

The witness was duly sworn by the acting chairman.

Mr. WALTON. The subject is horn combs—that is, combs made from cattle horns and used for hair dressing—under Schedule N, paragraph 463. The last clause is the clause covering our industry.

PARAGRAPH 463—HORN COMBS.

At the last session of Congress, for reasons which are given in our brief and which seem to be perfectly adequate, there was a change made in this duty from 30 to 50 per cent. The industry, which is a very old one in the country, at one time and for many years was not antagonized very particularly by foreigners, due to the fact that the foreign manufacturers, who manufactured goods largely by hand and who had not paid any attention to the needs of this country, failed to investigate the country particularly, and they did not bring in the class of goods that we sell here.

Accordingly the 30 per cent duty seemed to fairly protect us until perhaps a decade ago, when the agents of the foreign companies were here investigating the business and looking into the styles and the sizes and also into the manner of manufacture. As a consequence then they began an aggressive campaign of introducing their goods.

Mr. HARRISON. Under what paragraph of the tariff were they carried before the Payne law selected them for a duty by themselves?

Mr. WALTON. I fail to have that note. They were not under combs at all.

Mr. HARRISON. It makes no difference, if you have not the information there.

Mr. WALTON. The last tariff bill was made at our suggestion to give us a designation. Prior to that it was under the manufactures of horn.

Mr. HARRISON. And that carried 30 per cent?

Mr. WALTON. Yes, sir. It carried with it many other things. Under manufactures of horn there were manufactures of strips of horn, and I do not know how many articles; quite a large list of horn manufactures.

The advance was based on the difference in cost of labor, which I am prepared to show by an affidavit I have here, in which the cost of our competing firms, particularly the one that is the most active and the one representing not the lowest-priced labor country, is less than one-third of the cost of labor in our factories here.

Also on account of the aggressive competition of the foreign manufacturers, who studied our business and aimed very definitely to secure it; and further on account of the fact that most of the goods—in fact, between 75 and 90 per cent of the horn combs we manufacture here—sell for 5 or 10 cents, due to the established custom nowadays of selling small articles—a custom which perhaps has been accentuated by the syndicate concerns—at 5 or 10 cents, the bulk of them, the goods that are in real use, being at the 10-cent price.

This price, which makes it absolutely necessary that the comb manufacturer must make his goods at a price that will sell to the retailers so that they can sell at 10 cents, compels us to keep our prices within certain limits.

It would not make any difference what tariff duty we had. The possibilities of raising the price, excepting on a very small group of extra fine goods, which is carefully made, and for which we have a very limited sale, would be suicidal for us to advance prices beyond that point.

Mr. HARRISON. Did I understand you to state that the raise of the rates on combs made at home from 30 to 50 per cent followed a request from you to that effect?

PARAGRAPH 463—HORN COMBS.

Mr. WALTON. It was made on the presentation of facts which I happened to present.

Mr. HARRISON. Are you representing the manufacturers of horn combs?

Mr. WALTON. Yes, sir; they requested me to present the facts.

Mr. HARRISON. Do you know what the total amount of the American production is?

Mr. WALTON. It is in the neighborhood of about half a million, as near as I can get at it.

Mr. HARRISON. The figures I have here show that in 1910 it was \$8,275,932 worth.

Mr. WALTON. Of what?

Mr. HARRISON. Of combs composed wholly of horn or composed of horn and metal, and it says in a footnote, "Combs and hairpins industry."

Mr. WALTON. I know positively that could not be the fact.

Mr. HARRISON. Do you know what proportion of that refers solely to combs composed wholly of horn?

Mr. WALTON. I happen to know about the product of the only factories there are. There are only four in the country.

Mr. HARRISON. Only four in the country?

Mr. WALTON. Yes.

Mr. HARRISON. Where are they located?

Mr. WALTON. One in Binghamton, N. Y.; two of them in Newburyport, Mass., and our factory in Philadelphia.

Adding up what I would make as an estimate, because I have not the exact figures, and it varies with the years, I can not figure there is over \$500,000 worth of horn combs manufactured in this country. We have almost the largest plant, and we produce between \$150,000 and \$160,000.

Mr. HARRISON. Do you believe the rest of this \$8,000,000 of production in the combs and hairpins industry relates to hairpins?

Mr. WALTON. If that statement is correct it must refer to that.

Mr. HARRISON. It is taken from the census figures.

Mr. WALTON. It could not refer to horn combs.

Mr. HARRISON. Then the value of imports of horn combs this year was \$86,000 worth, in round figures.

Mr. WALTON. That would be without the duty, I suppose?

Mr. HARRISON. That is without the duty.

Mr. WALTON. Yes. I have the figures handed to me of \$130,000. So I suppose they mean duty paid.

Mr. HARRISON. That includes the duty paid. So there are \$86,000 worth imported, and a half million dollars worth made in the United States; is that correct?

Mr. WALTON. Yes. I put it \$130,000, because that is the figure that exactly matches our price—\$130,000 duty paid is what the American people paid, which represents more than 25 per cent of the manufactures. This last year the product of all the factories I think would run below \$500,000, because we have all done less business in 1912. In 1911 the business was a little larger and the imports were just a little larger. We can not tell what the comparative imports are with this year or last year, because in previous years in the old order of things they were all absorbed under manufactures of horn.

PARAGRAPH 463—HORN COMBS.

Mr. HARRISON. What are other combs made out of? They are made out of rubber, are they not?

Mr. WALTON. There are a large number of combs made out of india rubber.

Mr. HARRISON. Is there not a much larger industry making combs of india rubber than of horn?

Mr. WALTON. I suppose it is larger.

Mr. HARRISON. How do the prices of that kind of combs compare with the prices of the others?

Mr. WALTON. They compete. The rubber comb is a very sharp competitor on some styles. They make lots of finer goods than we do, but in the common small articles they compete with us.

Mr. HARRISON. From what countries are horn combs imported?

Mr. WALTON. Our severe competition in combs is from Aberdeen, Scotland. There is a comb factory there which is really a combination of all the large factories of Great Britain. I suppose it would be denominated a trust if it was in this country. They are very active in their competition with us.

Mr. HARRISON. Where do you get your horn from?

Mr. WALTON. We buy in the world, practically. The American horns used to supply us years ago, but owing to the dehorning of cattle and cross breeding, it has reduced the quantity and quality of the horns, and we are compelled to buy South American horns.

Mr. HARRISON. Do you pay any duty on those?

Mr. WALTON. No, sir; no duty.

Mr. HARRISON. They are on the free list?

Mr. WALTON. Yes, sir.

Mr. HARRISON. Where do your competitors in Aberdeen, Scotland, get theirs?

Mr. WALTON. In the same markets. We usually compete in Antwerp.

Of course, the Aberdeen, Scotland, factory has one advantage—at least all European manufactories have this advantage; in the fact, according to my information, that there is no dehorning of cattle in the other countries, and local horn markets usually furnish a percentage of the product, which would be of much value to them, because you can usually buy the local horns, if there are any quantities of them, at less prices than the regular stock horns which we have to buy in large quantities.

By your inquiries, you have elucidated several points I wanted to make. There are several things. In the first place, though, the duty was changed at the last Congress, and since then there has been a tendency downward, absolutely no increase in prices by the American manufacturers. On the contrary, there has been a tendency downward. I think it would amount to between 2 and 5 per cent less for the general line of our horn combs to-day than three years ago.

This price is brought down largely because our American manufacturers are equipped as they have been for a number of years, for the production of a larger amount of goods than the country will take, in view of the importations. As a consequence, there is home competition, which, in addition to the foreign competition, keeps the prices low.

PARAGRAPH 463—HORN COMBS.

In view of these facts, and the fact that we can see no advantage to the consumer nor to the Government, in any change of the tariff, our plea is that the tariff be allowed to remain just as it is.

Mr. HULL. What kind of machinery do you have in your factories?

Mr. WALTON. Most of the machinery is the product of the individual factories themselves. Several of the manufacturers are inventors, and have very good machinery. Unfortunately for our industry, one of the factories was foolish enough to sell American machinery to the Aberdeen comb works, some years ago, which we deplored very much, but it happened and we can not get away from it.

Mr. HULL. Is the machinery here and in Europe practically the same?

Mr. WALTON. There is some difference, but it is practically the same. It happens that we have several workmen in our plant who have worked in the Aberdeen comb works, and I judge from the description of their plant that in the main it is like ours. To some extent we may be superior.

Mr. HULL. The costs are about the same?

Mr. WALTON. Of what, the machinery?

Mr. HULL. Yes.

Mr. WALTON. The machinery costs more here, because we have a different price that is paid labor. Their machinists, some of them, get \$4 and \$6 a week, and we pay ours \$20.

Mr. HULL. I mean the machinery itself.

Mr. WALTON. We build our own machinery. Of course we pay the labor on that. There is no plant or manufacturing concern for comb machinery; the comb manufactories build that themselves.

SYNOPSIS OF BRIEF.

[Subject: Horn combs, made from cattle horn and used for hair dressing, Schedule N, par. 643, last clause.]

Present duty of 50 per cent ad valorem advanced in the last bill from 30 per cent for reasons given in briefs presented to Sixty-first Congress, extracts of which are attached herewith.

- (1) This advance was based on the difference of cost of labor.
- (2) The aggressive competition of foreign manufacturers made possible by their low rate of wages.
- (3) The fact that most of our goods are sold in this country at either 5 or 10 cents, so that a change of duty would have no effect on the consumer.

As proof that this advance was justified and should be maintained, we submit the following:

1. Since the change, there has been no advance in prices of horn combs by the domestic manufacturers.
2. The importation of foreign combs has continued large.
3. The horn-comb business is affected by sharp competition both at home and from the foreign manufacturers.

In view of the fact that the duty of 50 per cent ad valorem did not make possible an advance in prices, and the further fact that we have a steadily rising scale of wages since the last tariff bill, and the further fact that according to all advices we receive there has not been any advance in foreign wage scale, we feel justified in urging that the present duty shall not be changed.

EXTRACT FROM BRIEFS SUBMITTED TO PREVIOUS COMMITTEE ON WAYS AND MEANS.

Horn combs are made of cattle horns, and some years ago the production in this country supplied us with all our raw material at a moderate price; but owing to the breeding of shorthorn cattle and the process of dehorning, the quantity and quality of American horns have fallen so low that it has been necessary for some years for

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American manufacturers to buy a large part of their material in European markets, where the foreign manufacturers have the advantage of being on the ground.

The product of the foreign comb manufacturers has always found a market in this country, but under present conditions there is an increase in the number of sizes and styles, many of them copies of our makes, which enter our market and drive out the domestic goods. This competition is more keen and difficult to meet each year, particularly in view of the fact that the scale of wages we are required to pay has advanced.

A very considerable item of comb imports consists of fine handmade combs, which sell in all the department stores and among the dealers in better goods. Some of these goods manufactured in France are made in a manner that we could not presume to have sufficient tariff to enable us to compete. In these goods the item of hand labor figures very largely. While in France in 1904 I was informed by horn brokers and other men familiar with the business that it is the custom of the large manufacturers to prepare the horn stock up to a certain point and then farm it out to families, who take the work home and there put upon it the fine hand labor which produces the superior article. For this work the families, consisting of father, mother, and several children (sometimes five or six), receive the equivalent of about \$5 for a full week's work. This statement had previously been made to me by Frenchmen in this country who were familiar with the comb industry of France.

There is also a line of very cheap combs coming here from Italy, Scotland, and the Netherlands which we can hardly expect to compete with. Among these are pocket combs in cases, which are delivered in New York for \$1.25 per gross, duty paid, or of a line of fine-teeth combs at ridiculously low prices.

While thousands of dollars of these goods are continually shipped here, we do not advocate such protection as would give the American manufacturers a monopoly in this market. The burden of our plea is that the tariff should be high enough to enable the American manufacturer paying decent wages to workmen, to make reasonable profits, and retain the market which legitimately belongs to them.

While there has been a large increase in the consumption of horn combs in this country, the industry has not advanced correspondingly. The decline in the cleared horn line of dressing and fine-teeth combs is particularly marked, the foreign manufacturers having this field practically to themselves, although most of our factories are equipped for this work, and if it were possible to compete could give employment to a goodly number of workmen.

If a change were made in the tariff schedule, either lowering or increasing the rates, it would not change the price of the combs to the consumer except in a limited group of the article. The price that is charged for the comb at retail in this country, for probably 75 per cent of the combs sold, is 10 cents. The only effect of lowering the duty would be to enrich the dealer at the expense of the manufacturer, and by the increase of importations reduce the output of our factories, which would result in the employment of less workmen and possibly the retirement of the industry, in which case the foreigner would undoubtedly increase his prices to this market.

On the other hand, an increase of duty would not increase the price to consumers, the revenue to the Government would probably not be materially diminished, and there would be an enlargement of the industry, which would give employment to more American labor.

Mr. James W. De Graff, representing the Noyes Comb Co., of Binghamton, N. Y., writes:

"About 15 years ago there were 11 horn-comb factories in this country, and to-day there are but 4, as the inadequate duty of 30 per cent does not allow the American manufacturer sufficient protection to enable him to compete with the low wages paid in Aberdeen, Scotland, and in Germany.

"Most of the importations into this country come from one horn-comb works in Aberdeen, Scotland. Our factory obtained a United States patent on a metal-back comb, where the back extended over the ends, forming the end teeth, which patent expired a number of years ago, and the fair market value for this article is \$7.25 net, but the competing comb offered by the Aberdeen Comb Works can now be landed in New York City, freight and duty paid, for \$5.70; and beg to say that this comb can not be made in America to meet the foreign price mentioned above. Taking 100 as a unit, the wages amount to 45 per cent and a superintendent's charge of 5 per cent. Notwithstanding the fact that foreign combs are brought into this market at the price mentioned above, the consumer pays exactly the same price at retail for his goods as he does for ours, as the comb can not be retailed at 5 cents, and is universally sold at 10 cents, so that the difference in cost to the wholesale merchant is absorbed by him and the retailer at the expense of American labor.

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"The wage scale in the Aberdeen Comb Works, Scotland, of which we have positive information, as per attached sworn affidavit, is as follows: Managers receive salaries not exceeding \$15 per week; foremen from \$6 to \$7.50 per week; the best workmen from \$4 to \$6.50 per week. Women earn an average of from \$2 to \$3, and boys, who must be 14 years old, start at \$1 per week, and they receive this rate for a considerable period.

"As comb making is not considered a man's work in Scotland, outside of manager, foremen, machinists, and a few men for very hard work, the larger proportion of employees are women and minors.

"On the contrary, our labor is principally men, whose wages are about four times as large as the women who do similar work, and the boys employed by us receive at least four times as much as boys abroad.

"A conservative estimate of the relative amount of the labor cost as between the foreign and domestic manufacturers is that the foreign wages for the same amount of labor would be less than 33½ per cent of the American wage cost. These figures relate particularly to Scotland, and are well within the facts. In other countries the rates would probably be lower."

[Copy of affidavit.]

FRANKFORD, PHILADELPHIA, PA., *December 31, 1908.*

I, John Rogers, of 4151 Paul Street, Frankford, Philadelphia, Pa., was in the employ of the Aberdeen Comb Works Co., Aberdeen, Scotland, for 42 years. During this time I worked in the various departments and for a number of years I was employed as foreman.

The rates of wages paid by this firm at the time my employment with the said firm ceased were as follows:

Managers, average wages not over 60 shillings, or about \$15 per week.

Foremen, average wages not over 25 to 30 shillings, or about \$6 to \$7.50 per week.

Men, average wages not over 16 to 27 shillings, or about \$4 to \$6.50 per week.

Women, average wages not over 8 to 12 shillings, or about \$2 to \$3 per week.

Boys, average wages not over 4 to 5 shillings, or about \$1 to \$2 per week; this latter rate gradually increasing as the boys reach manhood.

I have been in constant correspondence since I left Aberdeen with employees of the comb works who are my old friends and neighbors, and I am sure that rates have not advanced, but rather have decreases since that time.

JOHN R. ROGERS.

John Rogers, being duly sworn according to law, deposes and says that the facts set forth in the above statement, to which he has attached his signature, are true to the best of his knowledge and belief.

JOHN R. ROGERS.

Sworn and subscribed to before me this 31st day of December, 1908.

[SEAL.]

THOS. B. FOULKROD,
Notary Public.

Commission expires January 27, 1909.

G. W. Richardson Co. and Wm. H. Noyes & Bro. Co., of Newburyport, Mass., write as follows:

"This industry is principally carried on in the States of Massachusetts, Pennsylvania, and New York, and although the various parties engaged in same have given strict attention to the details of the business and have been energetic and ingenious in inventing labor-saving devices, the business has not kept pace with the growth of the country.

"This is largely due, in our opinion, to the strong competition of the foreign manufacturers, notably those of Great Britain, France, Italy, and the Netherlands, who are sending large quantities of combs to this country and underselling us, notwithstanding the present duty.

"We consider that the low wage scale and also low cost of supplies abroad is the secret of their ability to do this, and the cost of the above items is fully 50 per cent of the total cost.

"The supplementary brief recently submitted by Mr. Walton gives facts in relation to the wage scale in Scotland which are of great importance when considering what is a fair measure of protection, and we call your especial attention to same.

"As women perform much of the heavy work in Scotland, for which we employ men at a rate of \$10.50 to \$13.50 per week, it is clear to us that the total labor cost in Aberdeen would not exceed 30 to 33½ per cent of what it is in this country.

PARAGRAPH 463—HORN COMBS.

"One of our principal items is a 7-inch metal-guard tooth comb, with a metal back of nicolene. This comb has been copied by the Aberdeen people, and is now sold in this country by them at \$5.70 per gross, duty and freight paid.

"A fair price for this is from \$7 to \$7.50 per gross. The comb retails at 10 cents."

ILLUSTRATION.

On the basis of cost prices in Scotland a tariff of 50 per cent would merely meet the difference in wages alone, on the class of combs in general use in this country.

As stated by us in the briefs submitted to the Ways and Means Committee and printed in their tariff hearings No. 36, pages 5395-5397 and in No. 47, pages 7075-7077, the proportion of labor cost in the medium goods (most commonly used) of horn combs in America is about 50 per cent of the total cost.

Take a comb that will cost in America, as example, say, \$6 per gross—

The labor cost would be 50 per cent.....	\$3.00
The labor on same article in Scotland.....	1.00
Which would give advantage to foreigner of.....	2.00
And make their cost only.....	4.00
To equal the American cost, we must add 50 per cent.....	2.00
	6.00

You will note that this relates to the medium grade of goods, which are made with considerable machinery, but for high-priced goods, which require more handwork, this percentage would be inadequate.

While formerly the foreign manufacturers confined themselves to the peculiar styles of their own countries which were salable here only in limited quantities for perhaps a decade, they have made a careful study of our market and methods of manufacture and have gradually imitated our largest sellers, and though their product is still somewhat crude have made great inroads on the business of American manufacturers. This, of course, is only made possible by the low wage rate they pay.

In one style of comb known in the market as the metal end tooth comb, a comb with a nicoline (nickel-plated zinc) back and end teeth, which material they purchase lower in Europe than we can buy it here, their competition has been especially keen.

The factories of the Aberdeen Comb Co., Aberdeen, Scotland, which is a combination of the factories of Great Britain, and in this country would be denominated a trust, is especially active and determined to capture the American market.

The custom now firmly entrenched in the United States, and very largely brought about by the syndicate stores, of selling small wares at 5 or 10 cents has a determining influence on the prices the comb manufacturers can get for their goods. Except for a few styles especially well made and sold in limited quantities to a select trade it would be suicidal for us to attempt to ask prices that would not permit the goods to be retailed at 10 cents.

Owing to this trade condition a change of duty either upward or downward would have no effect upon the consumer.

In Europe we found the prices at retail varied very much, running from the equivalent of our 5 cents up to a franc (20 cents) and shilling (about 25 cents), and in most instances, especially in the cheaper combs, the retail prices are equal to our American prices.

From these facts we can fairly assume, were the Americans driven out of business from lack of sufficient duty to meet wage differences, it would not be long before the foreign prices would be advanced and the consumer here be compelled to buy inferior goods for 5 to 10 cents or pay higher prices.

The importations of horn combs have been quite large.

According to reports of the Department of Commerce and Labor, which were handed to the writer, the importations were as follows: Year ending June 30, 1911, \$155,265, duty paid; year ending June 30, 1912, \$130,272, duty paid.

During the latter year domestic manufacturers were reduced in their sales in about the same proportion. These figures would indicate imports in excess of 25 per cent of the domestic manufactures, which clearly indicates that the present rate of duty is by no means prohibitive.

Owing to the fact that horn combs were not classified in previous tariff bills, but were imported under the general head of the "Manufactures of horn," which included many other articles, it is impossible for a comparison with former years to be made

PARAGRAPH 463—HORN COMBS.

with any accuracy. We are inclined to believe, however, that because in the particular combs which sell most largely the foreign manufacturers lowered their prices sufficiently to meet the difference in the rate of duty the sales have been approximately as large.

The equipment of the horn-comb manufacturers for a number of years back, while it has not been materially increased, is sufficient to produce an excess of production, and each manufacturer is necessarily seeking more business continually. Of course the effect of this is to produce sharp competition; sometimes it takes the form of improved quality and at other times is a question of price, so that at home we have competition that would prevent any serious advance in prices. In view, however, of the large imports, and the fact that our foreign competitors are aggressive, the American manufacturer is compelled to sell as cheaply as possible in order to maintain business enough to keep the factories going.

The countries from which we find competition, all of which have the low-wage scale, are Great Britain, France, Germany, and Italy.

The Aberdeen Comb Co., of Aberdeen, Scotland, who are especially aggressive, and are making very strenuous efforts to capture the trade of this country, and who imitate our goods more than the others, are the sharpest competitors we have from foreign sources.

Some years ago all of the important horn-comb factories in Great Britain formed a consolidation which would be denominated a trust if located in this country.

In view of all these facts, which show that our present duty is not prohibitive, that the consumer is not overcharged, and that a change of duty could not benefit the consumer but would injure the industry very seriously, compelling either loss of occupation or lower wages to the workingman, we trust that the present duty will be retained.

JOHN WALTON.

BRIEF OF IMPORTERS OF HORN COMBS.

[Paragraph 463—Schedule N, Combs.]

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

We, the undersigned, importers and jobbers of notions, respectfully request a reduction in duty under paragraph 463 of Schedule N, especially the last two lines: "Combs composed wholly of horn, or combs of horn and metal, 50 per cent."

We ask that this rate be reduced and suggest a reading of the clause in the paragraph as follows: "Combs composed wholly of horn, or galalith, or keronyx, 20 per cent ad valorem."

Under the tariff act of 1897 galalith or keronyx combs were held to be dutiable at 20 per cent, and the importations during the year 1908 of these goods amounted to \$54,528.

Strangled by the prohibitive act of 1909, however, the importations of these goods for the year ending June 30, 1911, fell to only \$9,347. (See Imports of Merchandise, p. 220.)

The act of 1909 did not specify galalith or keronyx combs, but the same had been classed under the former tariff act under section 6 as non-enumerated articles at 20 per cent; but in Treasury Decision 30725, General Appraisers 4047, the United States General Appraisers held that galalith combs should be assessed at the same rate of duty as horn combs under the similitude paragraph of the present act, 481, thus imposing a duty of 50 per cent upon this cheap and universally used article.

Galalith or keronyx combs are much cheaper than rubber combs and are used very universally by the poor people who can not afford either horn or rubber goods.

The advance of the duty upon the same from 30 to 50 per cent under the act of 1909 has practically prohibited the importation of them, and as a result the home manufacturer of the cheaper grades of the dangerous celluloid comb has been enabled to greatly enlarge his business.

Imports of merchandise (p. 24) for the year ending June 30, 1912, reports the total value of imports of combs for the year to be but \$86,426 and the duty thereon \$43,423, more than 90 per cent of which refers to the expensive horn combs and covers the importation of all horn and metal combs including many fancy horn goods with ornamental metal trimmings used as back combs.

Under the tariff act of 1897 horn combs were assessed at only 30 per cent and the change of rate shows the effect upon importations as the following figures will demonstrate.

PARAGRAPH 463—HORN COMBS.

Referring to imports of merchandise, page 137, it appears that for the year ending June 30, 1907, the total value of importations of combs was \$277,945; for the year ending June 30, 1908, \$237,945; while for the year ending June 30, 1910, the importation was but \$182,619.

Since 1909 the importations have been seriously reduced and have steadily decreased ever since, to the loss of the revenue, to the injury of the home consumer who must pay the extra protection created by the increased rate to 50 per cent directly to the pockets of the American manufacturer. This it was that the Republican tariff "reduced the cost of living" and lost control of the country in consequence.

Incidentally this increase in tariff has largely improved the sale of the celluloid comb, which we charge to be a dangerous article on account of its inflammability and liability to explosion and spontaneous ignition. Many serious accidents have occurred from the use of these combs and we quote two items from the public press as follows:

[Extract from Evening Express, Oct. 17, 1911.]

"Wearing a collar and hair comb made from celluloid, a woman has met with her death by burning. She was carrying a lighted lamp upstairs, when she slipped, and the ignition of the celluloid articles caused severe burns to her head."

[Extract from Evening Gazette, Oct. 22 1912.]

"A woman named Margaret Downie, who resided at 38 Kenmure Street, Pollockshields, has succumbed in the Victoria Infirmary, Glasgow, to burning injuries received about a fortnight ago while on a visit to friends in Bo'ness. The unfortunate woman had been standing in front of the fire dressing her hair with a celluloid comb, which slipped from her grasp and fell into the fire. Instantly a flame shot up which ignited her clothing, and she sustained serious injuries about the body, arms, and head. At the time of the accident she was conveyed to the Glasgow Infirmary, where she died yesterday."

Finally, we desire to submit statement of American sales of imported combs for the years 1906 to 1909, inclusive, and for the years 1909 to 1912, inclusive, showing a falling off of more than 50 per cent in importations and sales on account of the excessive duty rate under the present tariff act, as clearly set forth in Imports of Merchandise, pages 137, etc.

For all the above reasons we earnestly pray that the duty on combs be reduced as herein set forth to 20 per cent ad valorem.

FRANCIS E. HAMILTON,
Counsel for Importers and Foreign Manufacturers,
32 Broadway, New York.

HOTEL NEW WILLARD, Washington, D. C.

CELLULOID DANGERS.

FIREMASTER'S REPORT—STORAGE OF CINEMATOGRAPH FILMS.

[From Glasgow News of Sept. 10, 1912.]

The dangers arising from the storage of celluloid is occupying the attention of the corporation, and has resulted in an important recommendation by the fire-brigade committee in connection with the regulation and control of the storage of the inflammable material. They propose that the town clerk be instructed to forward a copy of firemaster Waddell's report to the home office.

In his report Firemaster Waddell states that the storage of celluloid is a matter requiring careful consideration. On the 16th instant he visited certain establishments in the city where large quantities of cinematograph films are kept. In one instance he found a large room, which contained 2,000,000 feet of film. He is of the opinion that the storing of films in many premises visited is most unsatisfactory, and is charged with great dangers. The firemaster urges that immediate steps be taken to have this serious state of affairs rectified.

IS CELLULOID AN EXPLOSIVE?

Mr. Waddell, in a final note, adds: Some dubiety exists as to whether celluloid is really an explosive. Personally, I am convinced that celluloid is, under certain con-

PARAGRAPH 463—HORN COMBS.

ditions, an explosive, and I am strongly of the opinion that it should be treated by the authorities as such. I have considered it my duty to bring this matter before you, and I sincerely trust that immediate action will be taken to have the whole matter thoroughly looked into, and have the risks and dangers which undoubtedly prevail minimized, or, if possible, abolished entirely.

[From Glasgow News of Sept. 12, 1912.]

STORAGE LIMITATIONS.—PROPOSED RESTRICTIONS.

The storage of celluloid in various forms in the city has been the subject of a report by Firemaster Waddell—published in the News on Tuesday—along with the watching and lighting committee's recommendation to forward a copy of the report to the home secretary with a request, in view of the urgent necessity, for steps being taken to regulate and control the storage.

At this afternoon's meeting of the corporation, Mr. R. S. Brown, in moving the minute, said they could not possibly magnify the dangers arising from celluloid, but it was satisfactory to know that Mr. Waddell and the brigade committee were doing everything in their power to minimize these. Mr. Brown spoke of the recent calamitous fire in London through celluloid cards going ablaze, and contended that what happened in London might well occur in Glasgow any day. Just a few days ago they had a fire in Trongate, where within a few minutes a whole building was ablaze and £5,000 damage done.

GLASGOW EXPERIENCE.

As to other dangers, he was told by Mr. Waddell of a case where a celluloid comb in a hairdresser's window caught fire from the rays of the sun, and some damage was done. Mr. Waddell wished to have the entire control of the storage of such inflammable material, and suggested that all rooms where celluloid in any form was stored ought to be thoroughly fireproof, and the articles kept at least 20 inches from any source of heat and protected from warm drafts or the rays of the sun.

Mr. McNaughton congratulated the chief fire officer and Mr. Brown on the proposals.

Mr. P. G. STEWART. What about people walking about the streets with celluloid combs in their hair? Is this not a question for legislation?

Mr. R. S. BROWN. That is just what we are asking.

The report and minute were adopted.

HORN COMBS.

W. H. NOYES & BRO. CO.
Newburyport, Mass., January 22, 1913.

HON. OSCAR W. UNDERWOOD,
Chairman of the Committee on Ways and Means, Washington, D. C.

DEAR SIR: It is probable that due to representation that will reach your committee, and which will be inspired by foreign manufacturers, particularly the Aberdeen Comb Co., of Aberdeen, Scotland, an attempt will be made to reduce the duty on horn combs.

In the Payne-Aldrich bill the duty on combs was made 50 per cent ad valorem. This duty was made in view of the rapidly increasing importation of foreign combs. Congressmen in both Houses very willingly conceded that a duty of 50 per cent was a just and fair one, as this duty only covers the difference in wages paid in this country as compared with the Aberdeen Works, of Scotland, which is the most active competition we have. Other countries, which pay still lower wages, would be more serious competitors, but for the fact that they do not as yet imitate our styles so carefully as the Aberdeen Works. One evidence of the reasonableness of this duty of 50 per cent is the fact that there has been no increase in prices in the United States since this duty has been in effect, the tendency of prices being downward, while at the same time the importation of foreign combs is still very large.

The manufacturers of horn combs in this country are absolutely dependent on protection, and to lower or remove the duty would not benefit the consumer, as investigation will prove.

The great bulk of horn combs are sold for 5 and 10 cents apiece at retail, and these prices would prevail whatever the duty. Furthermore, those of us who have visited

PARAGRAPH 463—HORN COMBS.

the countries of Europe have discovered that the retail price of combs is, on the average, as high as here. We believe were the duty entirely removed or lowered that the American manufacturer would be driven out of business, and the foreign price would equal the present American price, and the goods very inferior.

We would respectfully ask that you give the above your careful attention, and after considering the matter of duty on combs, if you are satisfied our claims are just we would respectfully ask that your committee recommend at least a duty of 50 per cent ad valorem on combs.

Respectfully, yours,

W. H. NOYES & BRO. CO.

NEWBURYPORT, MASS., January 22, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: As hearings in relation to a new tariff bill are now under way, we desire to give you the following information in regard to horn combs, dutiable under Section N, which section is set for hearing on the 29th instant.

The duty on this article was raised from 30 per cent to 50 per cent ad valorem by the present tariff.

That this advance in rate was fully justified by conditions is clearly shown by the following results:

First. That no advance in prices have since been made by any of the domestic manufacturers.

Second. The importations since the increase in rate have been as follows:

Year ending June 30, 1911, \$155,265, duty paid.

Year ending June 30, 1912, \$130,272, duty paid.

These figures are from the official reports of the Department of Commerce and Labor.

The value of importations in each year was fully 25 per cent of the estimated domestic production, the sales in 1912 showing a falling off in common with that of many other manufactured products.

It is not possible to make a comparison with importations under previous tariffs, as the present bill is the first one to make a separate classification of this article, but the above large percentage of importations shows very clearly that the present rate is far from being prohibitive.

The conditions existing in this industry are highly competitive, being from domestic and foreign sources.

The manufacturers in this country have factory capacity in excess of production, and each is therefore striving keenly to secure more business.

The foreign competition comes principally from Great Britain, France, Germany, and Italy, all countries with a very low wage scale.

The competition of the Aberdeen Comb Co., of Aberdeen, Scotland, is particularly difficult to meet, and we are constantly undersold by them on many styles, they having imitated some of our most important combs, and are making strong efforts to increase their trade in this country.

The above company is a consolidation of all of the important horn-comb factories in Great Britain, and if located in this country would be designated as a trust.

Most of the horn combs sold in this country are retailed at either 5 cents or 10 cents. Owing to this trade condition a change of duty, either upward or downward, would have no effect on the consumer.

Any reduction in the rate would therefore be solely to the advantage of the foreign manufacturers or to the importers. Such action would necessarily be distinctly to the disadvantage of the domestic manufacturers and to their employees.

In view of the large importations under the present rate, and as it has been shown that the manufacturers in this country did not take advantage of the increase of duty to raise prices, and as the increased and steadily rising wage scale since the present law was passed makes it even more difficult now to compete with the low wage scale of Europe, we most earnestly hope that the present rate may not be changed.

Yours, very truly,

G. W. RICHARDSON Co.,
G. W. RICHARDSON, *Treasurer.*

PARAGRAPH 463—RUBBER FOOTWEAR.

RUBBER FOOTWEAR.

STATEMENT BY THE L. CANDEE & CO., NEW HAVEN, CONN.

THE L. CANDEE & CO.,
New Haven, Conn., January 18, 1913.

HON. THOMAS L. REILLY,
House of Representatives, Washington, D. C.

DEAR SIR: I am glad to note by your letter of the 12th ultimo that you are interesting yourself actively in behalf of the industries of New England, and particularly those centering in your district.

In reference to the duty on importations of rubber goods from foreign countries, which is at present 35 per cent, I respectfully suggest that if this tariff is to be lowered Congress should exert its best efforts to see what can be done in securing lower duties for American goods entering the markets of European countries, particularly the markets of Germany and France. In other words, if the tariff on rubber goods coming into this country is to be lowered, I feel very strongly that our Government should exact a "quid pro quo" from foreign Governments.

Through great effort and at large expense we have developed a very gratifying export trade. This was severely injured when on account of the admission of free pulp from Canada, Germany withdrew the "most favored nation" privileges which we had enjoyed in that market, and substantially raised our rate of duty.

There are many lines of goods which can be made cheaper, if not better, abroad, and if our markets are to be thrown open to foreign competition on these articles, we insist that in fairness to its own citizens our Government should see to it that American manufacturers have an opportunity to enter foreign markets where we can at least as favorable a basis as foreigners can enter ours.

About a year ago the congressional Ways and Means Committee considered as a revenue measure the imposition of a 5-cent tax on all crude rubber coming into this country. Under date of March 28, 1912, the Rubber Club of America submitted a comprehensive statement to the Hon. Oscar W. Underwood, chairman of the Ways and Means Committee, which accurately set forth our ideas on this subject.

While I can not believe that Congress would pass such a measure, I refer to this matter at the present time because it is a vital point, and should such legislation be passed it would be ruinous to our export business.

The principal European countries with which we come in closest competition, namely England, Germany, France, Austria, Sweden, and Italy, all admit rubber free of tax, and when it is understood that in the rubber industry about 60 per cent of the value of manufactured goods is in the crude rubber, the extent of the handicap under which such a tax as this one proposed would place us will be readily understood.

Again thanking you for your interest in the matter, and assuring you that the manufacturers of Connecticut will greatly appreciate everything that you can do in protecting their legitimate interests, I am,

Yours, very truly,

H. STUART HOTCHKISS,
Vice President.

PARAGRAPH 466—COCOA-FIBER MATTINGS.

PARAGRAPH 464.

Manufactures of gutta-percha, ivory, vegetable ivory, mother-of-pearl and shell, plaster of Paris, papier-mâché, and vulcanized india rubber known as "hard rubber," or of which these substances or any of them is the component material of chief value, not specially provided for in this section, and shells engraved, cut, ornamented, or otherwise manufactured, thirty-five per centum ad valorem.

See Geo. Borgfeldt, page 5224.

PARAGRAPH 465.

Masks, composed of paper or pulp, thirty-five per centum ad valorem.

PARAGRAPH 466.

Matting made of cocoa fiber or rattan, six cents per square yard; mats made of cocoa fiber or rattan, four cents per square foot.

COCOA-FIBER MATTINGS.

BRIEF CONCERNING MATTINGS MADE OF COCOA FIBER.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C

We, the undersigned, manufacturers of cocoa fiber and rattan mats and mattings, request that no change be made in the rates of duty on these articles, which are prescribed in Schedule N, section 466, of the tariff of 1909, as follows:

"Matting made of cocoa fiber or rattan, 6 cents per square yard; mats made of cocoa fiber or rattan, 4 cents per square foot."

The present rates of duty furnish the most vigorous competition from foreign manufactures, as is evidenced by the increase of 60 per cent in the importations of these goods which took place from 1908 to 1912.

The manufacturers who have signed this brief employ free labor—all told, about 500 persons—and they have to contend not only against the increasing tide of foreign competition, but against the competition of convict labor in this country, the most serious of it coming from the large mat and matting factory operated at Allegheny by the State of Pennsylvania.

Because of these conditions we do not see how it will be possible for us to continue this industry if competition is made any more severe by the further increase of importations which would surely follow a reduction from the present duties on these goods.

There is no foreign market open to the American manufacturer for the export of cocoa mats and mattings because of the extremely low prices made possible to foreign manufacturers by cheap and European and Indian labor.

Respectfully submitted.

HEYWOOD BROS. & WAKEFIELD Co., *Wakefield, Mass.*

By FRED M. CLEAVELAND.

JOSEPH WILD & Co., *New York.*

By HENRY ANDERSON.

NEW YORK, *January 29, 1913.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Referring to Schedule N, section 446, tariff of 1909, as follows: Matting and mats made of cocoa fiber.

We wish to indorse views expressed in brief presented by Messrs. Heywood Bros. & Wakefield Co., of Wakefield, Mass., and Messrs. Joseph Wild & Co., of New York, regarding retaining the present duty on these goods, viz, 6 cents per yard on matting and 4 cents per foot on mats.

We are, gentlemen,

Your obedient servants,

DARRAGH & SMAIL.
A. T. McVICAR.

PARAGRAPH 467—STRINGS FOR MUSICAL INSTRUMENTS.**PARAGRAPH 467.**

Musical instruments or parts thereof, pianoforte actions and parts thereof, strings for musical instruments, not otherwise enumerated in this section, cases for musical instruments, pitch pipes, tuning forks, tuning hammers, and metronomes; strings for musical instruments, composed wholly or in part of steel or other metal, all the foregoing, forty-five per centum ad valorem.

STRINGS FOR MUSICAL INSTRUMENTS.**BRIEF OF M. E. SCHOENING, NEW YORK, N. Y., REQUESTING CHANGES IN PARAGRAPHS 467 AND 529.**

NEW YORK, N. Y., *December 21, 1912.*

HON. OSCAR W. UNDERWOOD,
*Chairman of Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: I take the liberty to address this letter to you as the chairman of the Ways and Means Committee, begging you to kindly call the attention of the committee to correction that should be made in the present tariff bill, Schedule N, paragraphs 467 and 529.

1. Paragraph 467 reads: * * * "Strings for musical instruments not otherwise enumerated in this section. * * * Strings for musical instruments composed wholly or in part of steel or other metal, forty-five per centum ad valorem."

2. Paragraph 529 reads, in free list: "Catgut, whipgut, wormgut unmanufactured."

3. Catgut is defined in the Standard Dictionary "as a kind of cord, very thin, strong, and slender, made from dried intestines of sheep or other animals, used for strings for musical instruments, tennis rackets, etc."

4. In Webster's Dictionary as "a tough cord, made of the intestines of animals, especially sheep, used for strings for musical instruments, for sutures in closing wounds, etc."

5. Hence, it would seem that the intention was to admit strings for musical instruments of catgut free.

6. Paragraph 529, however, has no meaning, as there is no such thing as crude catgut or catgut unmanufactured. Catgut is a manufactured article and a finished product; the crude form are the intestines or guts of sheep or other animals, which no doubt the framers of this paragraph had intended.

7. The guts are saponified and bleached, and, as a rule, cut or split in two parts, right and left sides, then cut in lengths, loops are made on each end, one loop is put on a stationary hook, the other on a hook on a wheel and the guts are twisted and then allowed to dry, after that they are rubbed down to make them smooth. This finished product is commercially known as catgut, and is the only form in which catgut appears.

8. The Board of General Appraisers decided that catgut strings for musical instruments were dutiable at 45 per centum ad valorem. On the other hand, they decided that spinning gut was free, although they are the same, and all spinning gut can be used in condition as imported as strings for musical instruments.

9. Under decision Davis, *Turner & Co. v. U. S.* (115 Fed. Rep., 232), catgut for surgical purposes is admitted free.

10. There is absolutely no difference in the material used, process of manufacture, and the final product, catgut, for whatever purpose it is to be used. Strings of like gauges are interchangeable for all uses. Three manufacturers of catgut so testified in *C. B. Richard & Co. v. U. S.*, No. 746, filed with Court of Customs Appeals, October 30, 1911.

11. All catgut should either be entered free or all catgut should pay duty.

12. Paragraph 529 should read, "Crude gut," and not catgut, unmanufactured.

13. And, as catgut is a manufactured article, there is no reason why it should not pay duty.

14. American manufacturers of catgut are not protected by a duty on catgut for spinning, surgical, and other purposes, and are able to compete with foreign manufacturers. On catgut, when imported as strings for musical instruments, the protection is 45 per centum ad valorem, according to decision of the Board of General Appraisers.

15. Catgut, if imported under other designation than strings for musical instruments, as a rule are passed free, and then can be used for any purpose, including strings for musical instruments.

PARAGRAPH 470—PAINTINGS, ETC.

16. All catgut should either be allowed to enter free, or, as I believe, being a manufactured article, should pay duty.

17. If a rate of 25 per cent would be fixed on catgut in general, thus removing the necessity of trying to make distinctions which do not exist, and which have been annoyances and puzzles to all customs examiners and appraisers, including the General Appraisers and the Customs Court of Appeals, the revenue from this source would be much larger than heretofore, and all could work with a clear understanding.

18. If the duty on catgut is made less than the duty on musical instruments, etc., as per paragraph 467, then said paragraph should be made to read as far as the string part is concerned: "All strings for musical instruments excepting strings of catgut."

19. A new paragraph could be made to read: "Catgut for all purposes, — per centum ad valorem," or free, as may be decided by the committee, which would embrace strings for musical instruments of catgut.

Hoping you will pardon the liberty which I have taken and kindly give this matter your attention, I am,

Yours, very respectfully,

M. E. SCHOENING.

PARAGRAPH 468.

Phonographs, gramophones, graphophones, and similar articles, or parts thereof, forty-five per centum ad valorem.

PARAGRAPH 469.

Violin rosin, in boxes or cases or otherwise, twenty per centum ad valorem.

PARAGRAPH 470.

Paintings in oil or water colors, pastels, pen and ink drawings, and sculptures, not specially provided for in this section, fifteen per centum ad valorem; but the term "sculptures" as used in this Act shall be understood to include only such as are cut, carved, or otherwise wrought by hand from a solid block or mass of marble, stone, or alabaster, or from metal, and as are the professional production of a sculptor only, and the term "painting" as used in this Act shall be understood not to include such as are made wholly or in part by stenciling or other mechanical process.

PAINTINGS, ETC.**TESTIMONY OF MR. JOHN QUINN, ON BEHALF OF THE ASSOCIATION OF AMERICAN PAINTERS AND SCULPTORS, INC.**

The witness was duly sworn by the chairman.

The CHAIRMAN. You may proceed, Mr. Quinn.

Mr. QUINN. Mr. Chairman and gentlemen of the committee, I appear before you on behalf of the Association of American Painters and Sculptors, a New York association, which is devoted to the practice, cultivation, and encouragement of contemporary art. That association, and I think I may safely say American artists generally, ask that the present duty of 15 per cent upon all art not 20 years old be unqualifiedly and unconditionally removed.

I will not take up the time of the committee at any great length in giving the history of the various provisions of the eight or nine tariff acts that have dealt or not dealt with the subject of duty on art. I intend to submit a brief, with the permission of the committee, in which the dates of the acts and the duties imposed and the amounts realized, as well as the tariff acts where there were no duties, and the amount of art imported and the duty on art less than 20 years old under the act of 1909 will be set forth.

I will come right down to the act of 1909. A very great effort was made at that time to have the Congress of this country make all art

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free. Art associations, free-art leagues, painters, and sculptors, presidents of colleges, chambers of commerce, and other public bodies addressed or wrote to the then committee of the House in favor of free art. A few artists and art dealers asked that the duty be retained, and others asked that there be imposed a specific duty of \$100 on all paintings, irrespective of their value or age.

The result of the law of 1909 making art over 20 years old free is that the importation of old works of art has risen enormously. A glance at the figures will show that. For example, in 1908 the value of all art imported was \$3,911,125, and it yielded a duty of approximately \$700,000.

In 1909 the value of all art imported was \$3,239,168, and yielded a duty of approximately \$600,000.

In 1910, after the duty on art over 20 years old had been removed the value of the imports increased to \$18,634,131, from which, under the present law, the Government derived no revenue.

In 1911 it increased to \$20,264,115, from which again the Government derived no revenue; and up to June 30, 1912, the figures that are available to me give the value of imports of old art as \$5,259,761, from which the Government derived nothing.

I claim that the taxation of art, whether ancient, modern, or contemporary, is wrong. We are the only, or practically the only, civilized country in the world that places a tax on art. We ought to be ashamed of ourselves for doing so; other countries foster art; they subsidize art schools and art academies; they give prizes out of the national funds for the encouragement of art, and they buy the works of contemporary artists, even of American artists, out of their public funds; and perhaps every member of this committee has seen in the Luxembourg the works of Americans and been glad to see them there—works by Mr. Sargent and by Whistler and by other American painters and sculptors.

I have in my brief carefully and, I think, fairly summarized the testimony before the Ways and Means Committee of the Congress of 1909 on both sides of that proposition. I do not know that this committee will want to take the time to read that old testimony and the briefs then submitted, but I have summarized it in my brief to save you that trouble, and have there given, I think, accurately and fairly the arguments pro and con.

I think it is a fair statement to say that all the arguments, both the arguments themselves and the authoritative or critical standing of those presenting them, were overwhelmingly in favor of unconditionally free art. In my brief I have referred to the pages of the seventh volume of the hearings on the tariff act of 1909, in which the arguments in favor of a specific duty of \$100 on all works of art, irrespective of their age, and also in favor of sweeping aside all the duty, are contained.

The Congress of that year compromised or, I may say, straddled on the question, with rather queer results—queer results both as to revenue and as to art. The duty before 1909 was 20 per cent, and in some cases 15 per cent, where there were reciprocity treaties with certain countries. They did not adopt the suggestion of certain artists, and of the man who said that artists were tradesmen, of a

PARAGRAPH 470—PAINTINGS, ETC.

specific duty of \$100 on all works of art irrespective of their value and their age, but they put a 15 per cent duty on all works of art less than 20 years of age, with certain exceptions as to art intended for museums, galleries, etc.

Under our present law, instead of making all art free, instead of buying, as a Government, the works of contemporary artists, we put a tax on the importation into this country of contemporary art. That is an anachronism and an absurdity. The revenue that we get under the present law is not so great that this country should continue in that position. According to the figures, which I will submit to the committee, the value of art imports less than 20 years old, for the year 1910, was \$1,701,193 and yielded a duty of \$255,178.95. The value for the year 1911 was \$1,591,167 and yielded a duty, at the present rate of 15 per cent, of \$238,675. So far as I have been able to get the figures, the duty up to June 30, 1912, was the sum of \$52,179.16 on works valued at \$347,861.

A great many people say, and the argument was made before the committee of the House in 1909, that art is a luxury and not a necessity. There are many arguments against that proposition. In the first place, it is not a Democratic proposition. The Democratic Party on art has had rather a good record. The Democratic Party has been in favor of free art as a party and historically. I may call the attention of the committee very briefly to that fact.

The act of 1832 was a protectionist measure, and yet it placed art on the free list. The act of 1846 was passed by the Democratic Party as a free-trade measure, and one of the principles of Mr. Walker, who was then Secretary of the Treasury, was that luxuries should be taxed the maximum; but that act put art on the free list.

In the act of 1857 art was kept on the free list, and the Democratic Wilson bill of 1894 also put art on the free list.

I am therefore asking this committee to put art on the free list and to put this country abreast of all other civilized countries—I will not say progressive countries; I say merely civilized countries.

A whole volume could be written on the various phases and aspects of the proposition that art is a necessity and not a luxury. I do not want to use a vulgarism, but I think I could prove that art in the end would pay for itself as a necessity. The French people, as a people, sell millions of dollars' worth of things to the rest of the world, mainly because the artistic instinct and spirit has been fostered in them generation after generation. Where people have an artistic instinct and sense their products are certain to be finer and better and to be bought by other nations. That is not limited merely to pictures that one sees on the walls of museums or to pieces of sculpture that one sees in museums and galleries. It goes into almost everything that is worth having in life; it goes into everything where form, design, color, molding, modeling, or decoration may possibly enter.

If we want to compete with the rest of the world in the finer grades of products, and if we want to raise the standard of our export products so that we can compete with the works of Germany and France, where art is fostered and not taxed, it will be only good business for us to encourage, at least to the extent of removing the

PARAGRAPH 470—PAINTINGS, ETC.

duty on contemporary art, the practice, study, and knowledge of contemporary art.

Mr. HARRISON. If I do not interrupt you——

Mr. QUINN (interposing). You do not, Mr. Harrison.

Mr. HARRISON. I would like to ask whether there are any difficulties in the administration of the law dealing with art? In the first place, what is art?

Mr. QUINN. Books have been written on that single question and that difficulty is inherent in the present law and will be inherent in any law; but I think this committee can define the law so there will be no border line or any great dispute.

Mr. HARRISON. If you will pardon the further interruption, a few years ago, out in the Plaza in front of the Capitol, there was an alleged statue of the Father of His Country, which a paternal Government removed overnight and it disappeared. No doubt in his day that was art, but to-day that properly would be classified as "manufactures of stone not otherwise provided for."

Mr. QUINN. I think probably it would, and perhaps it was "otherwise provided for" after it was removed.

But the law, as at present it stands, covers paintings or sculpture as work made or produced by artists or professional sculptors, and that is as near as we can come to it.

Mr. HILL. What about wood carving?

Mr. QUINN. I am not interested in that, because that is nearer a mechanical process and has not developed to such a degree that we ask the duty removed, I think. I am speaking of art where the work of a man's hands or his eye enters. As to the definition of art in the law, you can not come any nearer to it than that. I might think a picture was a work of art, and some one else might think it a daub; but if made by a professional artist and I want to buy it, it ought to come in free.

You can not come any nearer to it than that. The Government would make itself ridiculous if it attempted to define what is and what is not art; and any official would likewise make himself ridiculous if he attempted to define what is and what is not art.

Somebody has said that morality is a question of geography. I do not say that is true, nor do I say that art is a question of geography; but it is a question of time, and place, and taste, and disposition, and training, and environment, and ideals, and differs in different places at different times. The ideals of one age may not be the ideals of another. It is rather a commonplace that ideals change and die and perish every day, and new ones come in vogue. The reformer of one day is the conservative of another, and the progressive in art of one generation is the reactionary in another, the same as in politics; so I do not think the Government should attempt in the act itself, to define what is or is not art.

I will come, Mr. Harrison, in a moment to a section I have drawn, toward the end of my brief, and explain that more fully.

There are really no arguments in favor of the retention of this duty, except that the Government of the United States wants to keep out all contemporary art for the purpose of getting in a possible \$200,000 or \$250,000 a year. I have not estimated the expense of collecting that amount, but that expense should be deducted from that figure.

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No artists, of any account at any rate, are asking for this protection. They do not need it. They do not want it. American art does not need protection from foreign art. If it does need it, if it is so weak it needs it, then it is not worthy of protection. If it can stand on its own merits, then it does not need any protection. It should not be protected from what is bad, on the one hand, which was one of the chief arguments in 1909. It does not need to be protected from what is bad, and it should not ask protection from what is good. One can not get away from these propositions.

The CHAIRMAN. If it will not interrupt you, Mr. Quinn, 4 years ago we put art over 20 years old on the free list. That class of pictures, for instance, is largely a very high-priced class that can only be bought by the very, very rich men?

Mr. QUINN. Yes, sir.

The CHAIRMAN. In other words, we gave rich men their class of art free, and to the poor man or the man of moderate means we declined to give it free.

Mr. QUINN. You have hit the nail on the head, Mr. Chairman.

This committee should bring within the means and within the power of the man of moderate means—yes, even of the poor man—to acquire works of contemporary art before they become 20 years of age and appreciate in value and then fall into the hands of dealers and then become merely the hobby or exclusive possession of the rich.

If the committee will pardon me for being personal, I buy modern pictures myself, and I have paid a good many thousands of dollars in duty, and I always felt it was an outrageous thing that it should be so. I do not belong to the class of rich men who can indulge in Rembrandts, or Velasquezs, or Frans Hals, and other old masters, some of them good and some of them bad, and perhaps many of them forged. I want to buy the art of my own time. I prefer to be a man of my own time.

I think I speak for a great many other men of moderate means who want to buy the art of their own time, art that is within their moderate means; so I am pleading not only for this society but for myself and for all like me who want to be men of their own age. I do not care merely to buy the ideals or work of artists of 100 or 200 years ago. I leave that pursuit to the rich man. I prefer the more exciting and interesting and enjoyable one, personally to me, of acquiring the living art of my own time.

Coming down to the practical question, if this committee shall decide to place art on the free list and have this country, therefore, take a stand as regards art with other civilized countries, how shall it be adopted and how shall it be accomplished? I will take the liberty of presenting to you, at the end of my brief, a paragraph which I will take out of the present Schedule N, that section imposing a duty upon works of art less than 20 years old, and put a comprehensive paragraph into the free list. I have also gone through the other sections dealing with etchings, statuary, etc., and have grouped them all in one section and followed that with suggestions as to amendments to other provisions of the present act.

There is just one point that has not been dealt with, I think, in any act, and that was not dealt with at the time of the hearings in 1909.

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That is the question of the number of replicas. They dealt only with questions of originals. One of the chief arguments in 1909 was that if you took off the duty from all art we would be in danger of being swamped with copies and forgeries. I ask only that the duty be removed on originals as to pictures, whether in oils, whether in pastels, or what not, and as to copies only as stated in my brief.

As to statuary it is a little different. A sculptor may make one figure and may make one or two or three replicas. There comes a time as to replicas or copies when they perhaps cease to be art and become objects of trade; they cross the border line. For example, you may see in shops in this country examples of Rodin's "Basier," which is hardly anything but an article of trade. I would not call such a trade copy an original work of art; I do not think Rodin would. I have therefore taken the liberty of suggesting in my brief that sculpture be admitted free, and that two or three replicas of the same made by the artist only be admitted free. That would result in the original, if imported here, and the two or three replicas, being numbered and tagged. They would have to be numbered, and those two or three would be admitted free. Any other replicas would be taxed.

That accomplishes several purposes. It does not compete with our molders or bronze foundries. It identifies the works of art, and it enables a museum or a private individual to obtain one of the one or two or three replicas of a celebrated work of art. I have put it at three, and think that is very conservative. I know several sculptors who limit their work to five replicas. Rodin makes a great many, and my suggestion as to limiting it to three would tax a great many of Rodin's things beyond four in number.

As to etchings and engravings I have also a practical suggestion to make. The number of etchings that may be made from a plate is almost unlimited. The first impressions, of course, as every member of this committee knows, will be better than the later ones. I have suggested that etchings or impressions shall be confined to 20, each one numbered, which shall be admitted duty free. Each one would have to be numbered and a record kept, and a man would have to swear or prove that it was one of the number of 20, and if they got a higher number than 20 or more than 20 were to be imported, they would have to pay a duty on them at the regular rate. In other words, they would pass the border line when they ceased to be art and became for the purposes of the act an object of trade.

I make the same suggestion with reference to engravings. The committee may not agree with me, Mr. Chairman, as to where that line should be drawn. It should be drawn somewhere, both as to statuary and as to paintings of all kinds, engravings, and etchings.

The section I have sketched does not admit duty free anything into which the mechanical process enters. It is confined to work of art made by the artist's hand or from the work of his hands.

I find what I think is one curious oversight in the present act, and that is that apparently there is no provision made for works of art, such as bronze or other metals cast from plaster made by an artist. The artist makes only the plaster and then sends it to a workman to make the bronze and a strict interpretation of our present act would

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tax at a different rate all bronze except those made by the artist himself, and in the proposed section I have included any sculpture that is made from casts made by a professional sculptor.

Mr. PALMER. Really an original?

Mr. QUINN. Really an original; yes, sir.

Mr. HILL. Then what would you do in this case? You have seen in the European galleries scores and scores of men and women sitting in front of a picture and copying it. So far as their work is concerned, it is original. So far as the idea is concerned, it is a copy. Would you admit that free for the purpose of merchandising?

Mr. QUINN. No, I should not admit that for the purpose of merchandising. I should admit that if it was bought by a private individual or for a gallery only. But if it is reproduced for purposes of sale I should tax it, beyond any question; although, if it has such educational value that it is for a gallery or for the use of some private individual who imports it, you might make it duty free to American citizens or galleries or museums, but I should not have copyists making these in Italy and Germany and other places and flooding this country with \$25 original pictures duty free. It is only the original works of art that should come in free, or copies as thus strictly limited.

Mr. PALMER. We have a great many Americans going there and doing that same thing.

Mr. QUINN. Under the present law works by Americans come in free. I would retain that provision as to copies, perhaps. Mr. Whistler settled that question. Any copy by an American artist might be made duty free; but you must draw the line there against flooding the market with copies. I do not believe in copies myself unless they are done by great artists, and then if a museum is importing them or a person is importing them himself for his own individual use let them be free. In that case I should be inclined to let them come in free, but if they are copies, merely as articles of merchandise or trade, then I think they ought to be taxed.

I thank you, Mr. Chairman.

The brief submitted by Mr. Quinn in connection with his remarks is as follows:

BRIEF OF JOHN QUINN, COUNSEL FOR THE ASSOCIATION OF AMERICAN PAINTERS AND SCULPTORS (INC.), IN FAVOR OF REPEALING THE PRESENT DUTY ON ART LESS THAN 20 YEARS OLD.

NEW YORK, January 30, 1913.

To the honorable the Committee on Ways and Means of the House of Representatives:

THE PRESENT DUTY UNDER THE ACT OF 1909 AND UNDER ACT OF 1897.

I. *Paintings*.—Prior to the act of 1909 paintings in oil or water colors, pastels, and pen and ink drawings carried a duty of 20 per cent.

By the act of 1909 this duty was reduced to 15 per cent (par. 470 of act of 1909), but by paragraph 717 of that act works of art, including paintings in oil, mineral, water or other colors, pastels, original drawings and sketches, etchings, engravings and sculpture, more than 20 years prior to the date of their importation were to be admitted duty free.

II. *Statuary*.—Under the act of 1909, section 470, statuary and sculpture were required to pay a duty of 15 per cent. Under the act of 1897 that duty was 20 per cent. The same exemptions as to the importation free of other works of art over 20 years old were extended by paragraph 717 of the act of 1909 to sculpture and statuary.

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The term "painting" in this brief will be used in the same sense as defined in the present law and should be understood not to include such paintings as are made wholly or in part by stenciling or any other mechanical process.

The terms "statuary" and "sculpture" are used in this brief in the sense defined in the present law, and are understood to include only such statuary or sculpture as are cut, carved, or otherwise wrought by hand from a solid block or mass of marble, stone, or alabaster, or from metal and such as are the professional productions of a sculptor only.

But it is important to observe that the term "sculpture" and "statuary" as used in this brief does refer to and is intended to include and should include a cast in bronze, iron, or other metal from a clay, plaster, or wax model or a model of any other substance which is the professional production of a sculptor only.

III. *Present and past revenue from tariff on art.*—Prior to the placing of works of art that are 20 or more years old upon the free list by the act of 1909 the revenue derived from the importation of art was very large.

The following figures are taken from the Government "Report of Imports and Duties for the Fiscal Year ending June 30, 1894, to 1907, inclusive"; and also from other Government publications, in particular the one relating to commerce and navigation of the United States, which covers importations from June, 1907, to June, 1911; and also from the publication of the Department of Commerce and Labor entitled "Imported merchandise entered for consumption in the United States and duties collected thereon, 1912":

Paintings in oil and water colors and all other art.

Year ending June 30—	Value.	Duty.	Yield.
1895.....	\$3,549,811.33	Free.....	Nothing.
1896.....	4,467,628.82	do.....	Do.
1897.....	4,054,190.49	do.....	Do.
1898.....	1,402,254.54	do. ¹	Do.

¹ Part year.

The act reimposing a tariff on works of art went into effect in the year 1898, a duty of 20 per cent being imposed. The following are the figures from 1898 down to the year 1909, giving the year, the value of the imports, the rate of duty, and the amount of duty collected.

There were reciprocity agreements with certain countries under which a duty of 15 per cent only was in some cases imposed.

Year.	Value.	Rate.	Yield.
1898.....	\$1,102,751.92	20 per cent and 15 per cent.....	\$219,207.73
1899.....	1,962,302.76	do.....	345,865.39
1900.....	2,064,646.92	do.....	364,220.78
1901.....	2,441,162.60	do.....	419,359.37
1902.....	2,824,934.97	do.....	488,629.52
1903.....	3,551,149.73	do.....	603,907.92
1904.....	2,198,686.42	do.....	372,055.52
1905.....	2,569,061.68	do.....	454,201.37
1906.....	3,572,884.77	do.....	637,764.97
1907.....	4,025,469.24	do.....	731,033.52
1908.....	3,911,125.00	do.....	¹ 700,000.00
1909.....	3,239,168.00	do.....	¹ 600,000.00

¹ Approximate.

In 1909 the duty was taken off works of art over 20 years old. The following are figures showing importations of art under 20 years old, with the revenue derived therefrom at the reduced rate of 15 per cent.

Year.	Value.	Rate.	Yield.
1910.....	\$1,701,193.00	<i>Per cent.</i> 15	\$255,178.95
1911.....	1,591,167.00	15	238,675.05
1912 to June 30.....	847,861.00	15	52,179.16

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The following figures show the gross importations of art over 20 years old since the act of 1909 went into effect from which no duty was derived:

Arts over 20 years old.

Year.	Value.	Rate.	Yield.
1910.....	\$18, 634, 131	Free ¹	Nothing.
1911.....	20, 264, 115	do.....	Do.
1912 to June 30.....	5, 259, 761	do.....	Do.

¹ Free on and after Aug. 6, 1909. Figures for 1910 cover period from Aug. 5, 1909.

IV.—*Certain reasons advanced in 1909 for imposing tariff on art less than 20 years old while letting in art over 20 years old duty free.*—During the tariff hearings before the Committee on Ways and Means of the Sixty-first Congress, certain artists and representatives of some business interests, appeared before the committee of the House and asked that a specific duty of \$100 on all works of art be imposed.

James B. Townsend, representing the American Art News, recommended, if there should be any art duty at all, a specific duty on all works of art, claiming "there should be some limitation for the present, at least, upon the importation of the cheap art of Europe from the fact that its artisans and artists can live much more cheaply there than we do here; and that they have a natural faculty for the production of art, particularly in the south of Europe." (Vol. VII, Tariff Hearings, 1909, pp. 7229-7231.) He recommended a duty of \$100 on paintings and sculpture on the following, among other grounds: "European artists living more cheaply than can our artists and artisans, can afford to produce their imitations and copies at a low figure, to sell them also at low figures, and without some restriction these copies and imitations can be brought here * * * with the result that our art lovers and collectors can be imposed upon and large and illegitimate profits made by the sellers of these spurious works"; that much of the so-called cheap art produced by European artists, especially in the south of Europe, was "for the most part distinctly debasing to taste and uneducational in every way"; and further that ours "is a country which has not yet had sufficient age to acquire general art knowledge and taste"; and that a specific duty would tend "to minimize fraud in the selling of art works at auction and at private sale here." (Vol. VII, Tariff Hearings 1909, pp. 7235-7239.)

A certain Charles J. Taylor, of New York City, filed a brief in advocacy of the retention of the duty on works of art, and alleged that "an artist is a workman" and that painting was and is a trade. (Vol. VII, Tariff Hearings 1909, pp. 7239-7242.)

Richard N. Brooke, president of a society of Washington artists, favored a specific duty on works of art on the ground that to make art free would be "indulging in sentimentalism at the cost of our younger artists"; and on the further ground that we would be flooded with paintings of a class "which can not even pay the present duty." (Vol. VII, Tariff Hearings, 1909, pp. 7257-7258.)

One J. H. Strauss, of New York City, described as a dealer in oil paintings, water colors, engravings, and etchings, wrote advocating the placing of a specific duty on paintings on the ground that such a duty would "protect the dealer from unfair foreign competition in the way of consignments or otherwise." (Vol. VII, Tariff Hearings, 1909, p. 7258.)

One W. B. Closson, of Washington, D. C., also recommended a specific duty on painting and other works of art, also to "prevent the flooding of this country with either inferior art or that which is better but not great," and to discourage the importation of "such work as would come in competition with that produced by the younger artists of this country." (Vol. VII, Tariff Hearings, 1909, pp. 7260-7261.)

One Henry E. F. Brown, of Bethlehem, Pa., after whose name the following initials appear, "F. A. A. S.," and who signed himself "artist, author, and historian," also favored a specific duty on art, not of \$100 as did the other advocates of a tariff on art, but "a specific duty of \$1,000 on each and every painting in oil, without regard to size, condition, or merit." (Vol. VII, Tariff Hearings, pp. 7261-7262.)

One David C. Pryer, of New York City, designated as "formerly editor of the Collector and Art Critic," suggested a duty of 20 per cent, but in no case to exceed the sum of \$100, claiming that that slight sum "would not interfere with the importation of valuable works of educational value." (Vol. VII, Tariff Hearings, pp. 7265-7266.)

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Certain Cincinnati (Ohio) artists petitioned for a specific duty of \$100 on all pictures and sculptures "to keep out trash and poor art, as well as the copies of good pictures brought in and sold as originals afterwards." (Vol. VII, Tariff Hearings, pp. 7268-7269.)

Charles H. Davis, of Mystic, Conn., argued that with free art the United States would soon become the dumping ground for European trash and that "we want all that we can get of the good art of Europe; a small specific duty would encourage its importation." (Vol. VII, Tariff Hearings, pp. 7272-7273.)

It is difficult to believe that some of those arguments could have been taken seriously by the then Ways and Means Committee of the House. When an artist, or a man purporting to speak on behalf of artists, comes before a committee of Congress and says that artists are tradesmen, he merely condemns himself and those on whose behalf he speaks. The gist of the plea for protection was that the American public was lacking in taste in artistic matters, and that the tax of \$100 asked for upon all works of art, irrespective of their age, would protect the American public from its own ignorance. That argument came to this—that ignorant people or people without taste should be protected from their own ignorance by keeping them ignorant.

The argument that such a duty would prevent the sale of forgeries was also an absurdity, because if men are going to forge old works of art, a duty of \$100 will not only not prevent it, but will aid it, by giving a certain governmental stamp of authenticity to the forgery.

The argument that such a duty would prevent the reproduction or copies of works of art, falls to the ground in view of our request that only original works of art and not mere reproductions should be admitted duty free.

V. Arguments before the House committee of the Sixty-first Congress, 1909, in favor of admitting works of art free; on the following, among other grounds:

- (1) That it is the duty of the Government to encourage art.
- (2) The refining influences of the art of a nation.
- (3) Ours almost the only civilized country that taxes art.
- (4) That most of the Governments of Europe have bureaus of fine arts and make liberal appropriations for art museums and art schools.
- (5) That the highest development of art can only be attained by freedom and unhampered exchange of ideas between the artists of this and other countries.
- (6) That regard for education forbids a tax on knowledge and good taste.
- (7) That the study of drawing and art is essential to education and that the educators of the country "are a unit in their opinion that works of art should be free of import duties."

(8) That free art will add to the wealth of the country by benefiting and improving many of its industries, in whose production form, design, or color, play an important part, such as silk, cotton, jewelry, carpets, furniture, wall paper, pottery, lace, glass, chinaware, architectural features in metal and stone manufacture.

And they might have added that a knowledge of art should have entered into the design, form, color, or style of mantels, fixtures, carvings, woodwork, moldings, fittings, the decorations inside and outside of houses, buildings, bridges, railway and elevated and subway stations, tableware, men's and women's clothing, and even the common and most useful kinds of painting and decoration, and all the other industries where some art education is a necessity. In short, the product of almost every industry in the country could be improved both from the point of beauty and fitness by a knowledge and an appreciation of art.

(9) That European countries which have applied art education to industry have produced manufactured "articles of superior design."

(10) That France by following such a policy for so long has produced artisans whose "artistic taste and skill gives greatly increased value to their work."

(11) That Germany through a study and widespread knowledge of eastern taste and standards "has secured and held an enormous trade in Japan."

(12) That our artisans and artists should have the advantages "which are now found in a superior measure in countries abroad."

(13) That free art and the multiplying of art objects will develop artistic taste among our people, which will in turn create a demand for artistic products, which will give employment at high wages to skilled workmen and artisans, both men and women.

(14) That free art will benefit American artists because—

(a) Art education will create an appreciation and an increased demand for art; that an increased knowledge of art has in fact aided American art and increased the patronage of our art.

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(b) That American artists, with few exceptions, for many years have favored free art.

(c) That free art will tend to remove the necessity for our art students going abroad for their art education.

(d) Foreign galleries and exhibitions welcome the work of our artists free of charge, and they compete on equal terms for the prizes of foreign Governments.

(e) That our tariff on art hampers our own artists and benefits no one.

(f) That the duty prejudices American artists in the eyes of American purchasers "by adding an artificial value to imported works of art."

(15) That our museums would benefit by free art because—

(a) Free art will contribute to the establishment of new and the growth of our present museums.

(b) Our museums depend for their growth upon gifts, loans, and bequests by individuals.

(c) More than one-half of the imported art in our museums has been acquired by the gifts or the loans of private collectors.

(d) Our public art collections would be richer to-day but for the duty on art.

(e) The duty on art sacrifices the growth of our own art museums to the increase of foreign museums.

(Vol. VII, Tariff Hearings, 1909, pp. 7206-7217.)

VI. The arguments before the committee of 1909 in favor of removing all the duty on art were not heeded by the Congress of 1909, but their action resulted only in an unsatisfactory compromise.

These arguments were made by the American Free Art League (Vol. VII, Hearings, 1909, pp. 7218-7219); by the secretary of the Fairmont Park Association, principal of the Pennsylvania Museum and School of Industrial Art, and vice president of the Art Club of Philadelphia (Vol. VII, Hearings, 1909, p. 7220); by the president of the Boston Museum of Fine Arts (ib., p. 7221); by the secretary of the Chicago Art Institute (ib., p. 7222); by the president of the American Scenic and History Preservation Society (ib., p. 7223); by a former president of the National Sculpture Society (ib., p. 7224); the vice president for New York of the American Free Art League (ib., p. 7225); by Mr. Robert Underwood Johnson, the editor of the Century Magazine (ib., pp. 7226-7229); by Mr. Thomas Nelson Page, of Washington, D. C. (ib., pp. 7233-7234); by the National Institute of Arts and Letters (ib., pp. 7242-7243); by the Iowa Chapter of the American Institute of Architects, asking that "a tax on civilization be removed" (ib., p. 7243); by Mr. Henry L. Higgenson, of Boston, Mass., on behalf of the Drexel Institute of Arts, Science, and Industry (ib., pp. 7246-7248); by the president of Bryn Mawr College (ib., pp. 7248-7249); by the director of the Buffalo Fine Arts Academy (ib., pp. 7250-7251); by J. W. Barwell, speaking for the people of Chicago, and stating "that a duty on works of art is like shutting out sunlight" (ib., p. 7252); by the Hon. Seth Low, formerly president of Columbia College and mayor of the city of New York (ib., pp. 7252-7253); by Mr. Lloyd Warner, chairman of the committee on education of the Society of Beaux-Arts Architects, who wished "free art in the interests of young architects and draftsmen" (ib., pp. 7253-7254); by the Chamber of Commerce of Cleveland, Ohio (ib., p. 7254); by Prof. Allan Marquand, professor of art and archaeology in the University of Princeton, who wished the tax on all works of art removed (ib., p. 7255); by President Cyrus Northrop, of the University of Minnesota (ib., p. 7258); by the American Free Art League of New York (ib., p. 7262), showing that a circular had been sent to all the artists in the United States asking an expression of their opinion on the tariff, and that out of 1,435 replies received 1,345 petitioned for the removal of the duty on art (ib., pp. 7262-7264); by the Federated Club Women of the District of Columbia and by the secretary of the American Free Art League (ib., p. 7271).

The legislation of 1909 was a compromise and a poor compromise. It has been said that compromise is the soul of politics. But that is not the view of the true statesman where principle is at stake. That compromise on this question of free art was and is unjustifiable on every ground; it was a blow at the art of the man of moderate means, while allowing free the entry to old art which can as prices go, be acquired mainly by the wealthy. All of the arguments advanced for free art were against the compromise of 1909.

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VII. *Previous tariffs and periods of no duty on art.*

Year of act.	Rate of duty.	Year of act.	Rate of duty.
1816.....	15 per cent.	1862-1883.....	10 per cent.
1824.....	Do.	1883.....	30 per cent.
1828.....	Do.	1890.....	15 per cent.
1832.....	Free.	1894.....	Free.
1841.....	20 per cent.	1897.....	15-20 per cent.
1846.....	Free.	1909.....	15 per cent on art not less than 20 years old.
1857.....	Do.		
1861.....	10 per cent.		

It will thus be seen that art has been free during some 27 years out of the last 90.

The act of 1832 was a protectionist measure, and yet it placed art on the free list. The act of 1846 was passed by the Democratic Party as a free-trade measure, and one of the principles of Mr. Walker was that the maximum duty should be placed upon luxuries. Yet that Democratic act placed art on the free list. So, too, the act of 1857 kept art on the free list. Finally the Democratic Wilson bill of 1894 also put art on the free list.

The act of 1861 as passed by the House made art duty free. The McKinley bill of 1890, as reported by the committee, put art on the free list.

VIII. *A tax on art is a tax on culture and education.*—The United States is the only civilized country in the world that places a tax upon art. Germany, which is a protectionist nation, does not tax the importation of art, either contemporary, modern, or old. Some countries value art so highly that they place a tax upon its exportation. Other countries, like Italy, have laws that prohibit the exportation of old works of art and impose severe penalties for the violation of their laws. Both these kinds of laws are wrong; but a tax on the export of art is more justifiable than a tax on its importation. A tax on its export tends to save it for the people of a country; a tax on its importation deprives a people of it. Germany is a great commercial country, and yet I am informed that, under the German law, art or art objects, designed for public exhibition, are carried upon the German State-owned railways free of freight.

We are the only great nation that puts a tax on the importation of modern art. The 20 years' limitation as to the age of art before it may come in duty free is an absurdity, an anachronism, and is a tax on knowledge and culture.

The result of the present law is to give a practical monopoly of art to the rich. Old art, ancient art, art even over 20 years old, has less educational value for the artist than contemporary living art.

I do not make my plea for free art in a spirit of sentimentality. I base the plea for untaxed art upon the recognition of the fact that the desire and appetite for art is not a sign of a nation's decay, not a proof of sentimentality, that art is not a luxury, but on the ground that living art, which has always sprung up in the heyday and the youth, health, and vigor of a great nation, is a necessity to a rich cultivation and to a well-ordered life.

The collection of old works of art by many men of wealth in the United States is splendid and in some cases beyond praise, and they are entitled to the pride and pleasure which they find in it. But that is often only a rich man's hobby. We want to bring to the man of moderate means, within the reach of a poor man even, the opportunity to see and to acquire examples of the best contemporary art. To place a tax upon living art is, therefore, to tax knowledge and the means of culture and pleasure, and is uncivilized.

Art is not a luxury, although the ancient Hebrews forbade it and some present-day Puritans seem to think it is sinful also. There is too much of the atmosphere of the old Puritan in the world to-day. Too many persons would like to pare us all down to one common denominator and pigeonhole us and classify us according to this or that pet economic theory or doctrine. A plea for free art is a plea for one of the refinements of civilization. Art lends dignity to life. It helps to give meaning to life. It is not a luxury but a necessity for any well-ordered life or high civilization.

Our artists need no protection. They and our public require and ask that contemporary art be admitted duty free. Our artists need to see and study contemporary art as a stimulus to their work. To-day students of art or artists are compelled to go abroad to see and study examples of the work of living artists and of the work of men of their own generation. If contemporary art be admitted duty free, the best examples of living art may be acquired and exhibited here, and thus save our art students from the expense of going abroad to study living art.

PARAGRAPH 470—PAINTINGS, ETC.

Artists to-day do not paint in the same way or the same subjects as did the artists of a hundred or two or three hundred years ago. The methods of painting are different.

The educational value of contemporary living art is greater than the educational value of historic paintings or old art, however intrinsically interesting or important. Living American artists do not require or need protection. They should not be placed on the same level as ironworkers or glass blowers or cloth weavers or cotton spinners or boot and shoe makers. If our artists can not compete with the work of contemporary foreign artists, that itself demonstrates the need for the importation of living art free of duty from abroad in order that the standard of American art may be so raised by the stimulus and the educational value of foreign art that it can compete with it or will be enabled to do so.

Art belongs to no country. Genius can not be fostered or created by a tariff act. A duty of a thousand per cent upon musical productions or compositions would not compel the birth of a Wagner or Beethoven or a Strauss or a Debussy.

Some American cities and some States, and even the Federal Government itself, have made efforts to foster American art in a Chinese fashion, and with results that can only be described generally as lamentable. Just across the square from where these hearings are being held, in the Library of Congress, is an illustration of an effort on the part of the Federal Government to foster American art to the exclusion of contemporary artists generally. The result is an aggregation of paintings many of which are distinguished only by their bad color, cheap sentiment, or poor drawing, and decorations many of which are not worthy of the consideration of a serious critic or artist or student or any other human being.

The present law tends to make works of art the luxury of the rich. It should be in the power of our public generally to acquire good contemporary art before it is 20 years old and then falls into the hands of the art dealers and becomes merely the luxury of the rich.

We should bring art within the reach of the man of moderate means. We should not permit art to become a matter of the duty of the rich toward the poorer classes. A taste for art, for the enjoyment of books, and for the possession of culture, a delight in the arts generally, should not be confined to a few rich collectors. Even on the basis of economy, art will pay in the end. The American people, who want and need nourishment for their imagination, will take the best if they can get it. Of course not all contemporary art is good art. Much of it is poor; some is the work of pretenders and charlatans; but much of it is the work of great masters, great draftsmen, and great colorists. If American art needs protection from contemporary living art, then it is weak and not worthy of protection. If it is strong enough to compete on its own ground with contemporary foreign art, then again it needs no protection. It needs no protection against what is inferior, and has no right to demand protection against what is good.

It is a mistake for economists to think only and to talk only in terms of cash. Economists should be humanists. Political economy is no longer the dismal science it was half a century ago. The talk about inexcusable economic laws is going by the board, and it has come to be recognized that economics must be adjusted to life and not life to economics. There is a school of writers and artists who speak of art for art's sake, just as there are economists who preach economy for economy's sake. We prefer art for art's sake, economics for life's sake, politics for life's sake. We ought to favor politics, science, economics, art that will make a finer life possible. In this effort art may walk between science and philosophy as their equal sister.

As a citizen of New York it is not often that I envy another American city. But I do envy Boston one art treasure, the splendid decorations by Puvis de Chavannes in the Boston Library, perhaps the greatest artist of the nineteenth century and one of the great artists of all time. And yet, under the present law and under the former tariff act, works by this great modern master should not have been imported into this country without paying a duty formerly of 20 and now 15 per cent.

Some people may question the statement that art is a necessity, and may say that copies are as good as the originals, as Mr. Andrew Carnegie is reported to have said that copies were as good as originals. Mr. Carnegie's dictum, if he ever uttered it, reminds one of the story told, I think, by Plutarch, of the Roman general who had conquered a province in Greece and who for the Emperor or the Consul at Rome instructed the captain of a Roman ship to pack the priceless marbles, statues, and other works of art carefully and transport them to Rome. He warned the captain that the captain would be held liable personally if any damage came to them, and he said: "If you allow any of these to be broken or destroyed, I will compel you to replace them."

PARAGRAPH 470—PAINTINGS, ETC.

Art is a necessity in a worthy life. John Ruskin began life as an art lover and became a reformer and a political economist because he wanted so to improve the conditions of life that among other things art, as a necessity of life, might be brought within the reach of the man of moderate means and accessible even to the poor. The same thought and feeling inspired the life and work of William Morris.

I appeal to the teachings of these two great men to prove the worth, significance, value, and necessity of living art to a civilization worthy of the name.

The Association of American Painters and Sculptors, on whose behalf I speak, feels that American art to-day suffers from the lack of the stimulus that would be afforded by the free entry of modern contemporary art. The rich art dealers, who make fortunes out of the importation of old pictures at fabulous prices, do not appear here pleading for this. Their customers are mainly the rich. These dealers not only have no interest in removing the duty on contemporary art, but they constantly make the argument to their wealthy patrons in favor of the purchase of old art, that old art comes in duty free.

What we need, perhaps, most in this country is the sense of fellowship, and that sense is quickened by great art. In France there lives to-day a sculptor whose work has been compared to that of Michelangelo. It is impossible to look at some of the work of Rodin, at his great statue "The Man with the Broken Nose," or his profoundly conceived figure, "The Thinker," or his "Burghers of Calais" without feeling a sense of the dignity of man even though bowed with toil, without a deeper understanding of and quickened thought for the people he depicts.

I make this plea at the close, or near the close, of the long public hearings of this committee. To every man who devotes himself to politics or to public life there comes, perhaps, at some time in his public life the thought or question whether his days could not have been better spent, whether his name may be long remembered, or whether, perhaps, some poet or artist or musician, now unknown, may not have a surer passport to posterity than the work of even the greatest statesman. The name of Shelley in his life was unknown at Westminster Hall, but his name may endure when the names of the cabinet ministers of that time are forgotten.

But when one considers the great functions of this committee and looks over the vast field that their labors embrace; when one thinks of the thousands of items dealt with and considered here, the cost of which enters into the daily life of all our people; of the things they wear, their articles of food, the things on which they live, the cost of their homes, of their clothes, of almost every article used by them from the time they are born until they die, all of which are here discussed, considered, and the cost or price to the consumer fixed by the deliberations of this committee, one comes to realize that the work of easing the burdens of all our citizens and of adjusting taxation equitably for the poorest as well as the richest of our people, is one of the highest duties that can be performed by man. Swift said or wrote that the man who made two blades of grass grow where but one grew before deserved best of the race. To adjust the taxation of a nation with wisdom and justice may not be so dramatic as to win a fight against some trust that produces one or a few articles, like tobacco, or oil, or steel, or iron, or sugar, or beef, but it is the highest and most important duty that can engage the attention of a true statesman. I am sure that the deliberations of this committee will be characterized by wisdom, a deep sense of justice, and a breadth of judgment that will make the Underwood Tariff Act a monument to the sense of justice, equity, reason, and high statesmanship of its authors.

We ask for a recognition of the higher needs of life. We have enough Chautauquas and Chautauqua lecturers. The wealthy man may have his home stored with works of art, but we want to bring living art within the reach of the man of moderate means, and even of the poor. There is no reason why a duty, which is a tax upon knowledge and upon one of the chief agencies of civilization, should be levied by this Government, and why we should be the only civilized nation of the world that puts a tax upon what other nations foster and encourage.

France and other countries maintain funds for the education of their artists and send them abroad to study contemporary art. The French Government not infrequently purchases out of its public funds the work of American artists, of Sargent, Whistler, St. Gaudens and others. The French nation, out of moneys raised by taxation, acquires the best example of the contemporary art of other countries, while we, under our present tariff act, impose a tax on the importation of contemporary art. We erect a Chinese wall 15 per cent high against the importation of contemporary art.

Art sweetens or ought to sweeten life. It adds to the dignity of men, broadens their sympathy, quickens their vitality and love of life and beauty, and ought to increase their faith in life and faith in man.

PARAGRAPH 470—PAINTINGS, ETC.

SUGGESTED AMENDMENTS TO THE TARIFF ACTS REGARDING WORKS OF ART.

The provisions of the present law imposing a duty of 15 per cent on painting and sculpture less than 20 years old are contained in paragraph 470, Schedule N—Sundries.

If this committee shall determine to place art less than 20 years old on the free list, with the exceptions as to copies, replicas and a limited number of reproductions, engravings, and etchings, referred to by the undersigned in his testimony before the committee and in this brief, then it is suggested that the present paragraph 470 should be stricken out and a new paragraph should be added to Schedule N—Sundries, in substantially the form indicated in Paragraph XII below.

But it may perhaps be conducive to clearness if the following paragraphs to be added to the free list should be first considered:

(I) Original works of art, including paintings in oil, mineral, water, or other colors, pastels; original drawings and sketches, etchings not to exceed the first 20 numbered or lettered impressions, engravings not to exceed the first 20 numbered or lettered impressions; original statuary and sculpture and replicas or reproductions of the same, made by the artist or sculptor who made the original or made from the plaster, wax, or other model made by a professional sculptor or artist; not exceeding three in number; but the terms "statuary" and "sculpture" as used in this act shall be understood to include the professional productions of sculptors and statues only, whether in the round or in relief, or in bronze, marble, stone, terra cotta, ivory, wood or metal, or other substance, or whether cut, carved, or otherwise wrought by hand from the solid block or mass of marble, stone, wood, or alabaster, or from metal, or cast in bronze, or other metal or substance from a wax, plaster or other model made by a professional sculptor or artist; and the word "paintings" as used in this act shall not be understood to include any article of utility nor such as are made wholly or in part by stenciling or other mechanical process; and the words "etchings" and "engravings," as used in this act, shall be understood to include only such as are printed by hand from plates, blocks, or other substance etched or engraved with hand tools or by hand, and not such as are printed or engraved from plates, blocks, or other substance or etched or engraved by photochemical or other mechanical processes.

NOTE.—The foregoing proposed section introduces into the law the new feature that these works of art must be original works of art. One of the common complaints is as to forgery of old works of art and their importation and sale here as original works by some old master or artist. The addition of the word "original" would, it is confidently believed, go a long way to check the importation of mere copies and forgeries of old masters now imported and sold as original works of art. Besides the law in its application would thus secure a record of works of art that would be in the custody of the examiners, appraisers, and other official bodies, and the danger of multiplying forgeries and copies of works already imported would be greatly lessened. No more important provision than this in the interest of the general public if not in the interest of mere dealers could be imagined. The definitions here embodied are taken from paragraph 470 of Schedule N of the present act and paragraph 717 of the present free list and are not new.

(II) Retain in the free list present paragraph 516, providing, among other things, that engravings and etchings imported by authority of or for use of the Government or for use of the Library of Congress, shall come in free.

(III) Retain in the free list present paragraph 517, providing, among other things, that engravings and etchings over 20 years old shall come in free.

(The new section above suggested makes etchings and engravings free only up to the first 20 impressions, thus securing for this country, so far as may be, the first and good impressions. Others would be taxed, except as they would come under this paragraph 517.)

The present paragraph 517, if retained, would continue to admit engravings and etchings free, if over 20 years old, irrespective of their number, and should of course be retained.)

(IV) Retain the provisions of present paragraph 519 of the free list relating to etchings, lithographic prints, etc.

(The provisions of that paragraph relating to etchings and lithographic prints should be retained, because that paragraph relates to such articles, among others, imported for societies or for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of fine arts, or for the use of academies, schools, seminaries, etc. If said paragraph 519 be retained, then etchings and lithographic prints brought within the terms of that paragraph would come in free, irrespective of their number.)

PARAGRAPH 470—PAINTINGS, ETC.

(V) Retain the present provisions of paragraph 661, which provide that statuary and casts of sculpture for use as models or educational purposes only shall come in free.

(This for obvious reasons and of course irrespective of whether they are originals or the first three replicas or even copies. In fact, copies are mainly used in schools and very often in public museums and galleries.)

(VI) Retain the present provisions of paragraph 714 permitting the importation, without duty, of works of art, drawings, engravings, photographic pictures, etc., brought by professional artists, lecturers or scientists for temporary exhibition.

(These provisions should be retained for obvious reasons and irrespective of the restrictions set forth in the proposed new art paragraph of the free list.)

(VII) Retain the present provisions of paragraph 715 regarding works of art, works in terra cotta, Parian pottery or porcelain, and other antiquities, etc., imported for permanent exhibition at public institutions or societies established for art, education, or for a municipal or State corporation.

(VIII) Retain the present provisions of paragraph 716, providing for the free importation of works of art by American artists residing temporarily abroad, or imported for or to be presented to State, national, or other public institutions. But to meet the point raised by Mr. Hill as to copies, said paragraph should read as follows:

"Works of art, productions of American artists residing temporarily abroad, or copies of works of art made by American artists residing temporarily abroad, or imported by American citizens for their personal use, or made for or imported by or for a national institution or any State or municipal corporation or incorporated religious society, college, or other public institution, or for a public library, museum, or gallery," and then follow on with "or other works of art."

(NOTE.—This would limit copies to three classes: (1) Copies made by American artists. (2) That meets the point that foreign artists, who live more cheaply than our own artists, might multiply cheap copies and flood our markets and shops with such cheap copies. (3) All such copies would be subject to duty as provided in proposed paragraph XII below.)

(IX) The present provision of paragraph 716, regarding articles "in whole or in part molded, cast, or mechanically wrought," etc., should, to harmonize with the proposed general new free list paragraph, read as follows:

"and except any article, in whole or in part, molded, cast, or mechanically wrought from metal within 20 years prior to importation, but not including replicas, copies or reproductions not exceeding three in number, made by the artist or sculptor who made the original, or from a plaster, wax, or other model made by a professional sculptor or artist which may be imported free of duty as provided in this act."

(X) Strike out that part of present paragraph 717 of the free list relating to works of art which have been in existence over 20 years beginning with the word "works" and ending with the word "processes," and substitute in place thereof the new free list paragraph first above defined and numbered above as 1. But retain that part of said paragraph 717 relating to other works of art (except rugs and carpets) in existence over 100 years.

(XI) Strike out of paragraph 416 of Schedule M, the paper schedule, the word "engraving" and the word "etchings," which are to be taxed under paragraph 470 of Schedule N, suggested in the next paragraph, No. XII.

(XII) Strike out present paragraph 470, which imposes a duty upon paintings, sculpture, etc., of 15 per cent, and insert in lieu thereof the following:

"Copies of original works of art or paintings in oil, water, or other colors, of pastels or drawings and pen-and-ink sketches, except as provided in the free list forming part of this act; etchings or engravings forming part of a numbered or lettered edition above the number of 20; bronze, marble, stone, alabaster, or metal copies or replicas, or reproductions of sculpture or statuary above the number of three, 15 per cent ad valorem; the terms "statuary," "sculpture," "paintings," "etchings," and "engravings" shall be understood to include and be defined in paragraph — of the free list forming part of this act.

(Under the present law, paragraph 416 of Schedule M, etchings and engravings, are taxed at 25 per cent ad valorem. The above paragraph proposes a general tax of 15 per cent ad valorem.)

Conclusion.

The above suggestions, if adopted, would admit original statuary or sculpture that is a work of art made by a professional artist and three replicas of the same and etchings and engravings up to the first 20 copies or impressions, free. Additional copies

PARAGRAPH 470—PAINTINGS, ETC.

or replicas would be taxed, as suggested above, at 15 per cent ad valorem, and would protect our bronze or iron and other metal workers and our trade engravers, trade sculptors, trade etchers, and lithographers, and trade printers from competition with similar workmen abroad.

A very important and essential protection would be accomplished by the enactment of the foregoing provisions in regard to originals and copies. One of the most frequent complaints generally made, and one of the chief arguments before the then committee of the House in 1909 in favor of a specific duty of \$100 on all works of art, irrespective of their age, was that it would tend to keep out forgeries. If the law be amended as above suggested, all importations of art will have to be accompanied by some proof that they are original works of art, or else pay duty as copies. That will place the fear of perjury, with its serious consequences, before the eyes and in the mind of those who import alleged or pseudo works by old masters, which are in fact only copies, as original works of art. The law, as I have suggested it, uses for the first time that I have seen the words "original works of art."

The enactment of these paragraphs ought to be welcomed by all art lovers, art patrons, art buyers, critics, museums, galleries, and American artists generally, because it will do more than almost anything else to add the terrors of the criminal law relating to perjury to the importations of forged works of alleged old masters. If the law be enacted as suggested, copies of old masters will have to be designated as copies, sworn to as copies, and pay duty as copies unless made by American artists or imported by American citizens for their personal use or for public museums, galleries, or institutions, etc. No more important step in the interest of American art or of the stamping out of the too common practice of importing forgeries or copies of old works of art as original works of art could be taken.

Respectfully submitted.

JOHN QUINN,

Counsel for the Association of American Painters and Sculptors (Inc.).

PETITION CONCERNING STATUARY FOR RELIGIOUS PURPOSES.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

SIRS: The Dingley tariff of 1897 contained a provision for the free entry of statuary and casts of sculpture specially imported in good faith for the use and by order of churches and other societies of a religious, educational, or public character. This provision was so modified in the tariff act of 1909 as to deny free entry to statuary imported for religious institutions. The undersigned believes that this measure has imposed an unnecessary burden upon the cause of religion and respectfully petitions your committee and Congress to restore the provision in the free list for such statuary as it appeared in the tariff act of 1897.

Respectfully yours,

James J. Keane, Archbishop of Dubuque, Iowa; E. D. Kelly, Auxiliary Bishop of Detroit, Mich.; James Schwebach, Bishop of La Crosse, Wis.; James J. Hartley, Bishop of Columbus, Ohio; Edward P. Allen, Bishop of Mobile, Ala.; James Davis, Bishop of Davenport, Iowa; Benjamin J. Keiley, Bishop of Savannah, Ga.; Leo Haid, Bishop of North Carolina; John J. Monaghan, Bishop of Wilmington, Del.; Charles H. Colton, Bishop of Buffalo, N. Y.; P. J. Donahue, Bishop of Wheeling, W. Va.; John J. O'Connor, Bishop of Newark, N. J.; Charles E. McDonnell, Bishop of Brooklyn, N. Y.

PARAGRAPH 471—PEAT MOSS.

PARAGRAPH 471.

Peat moss, one dollar per ton.

PEAT MOSS.

MEMORANDUM SUBMITTED BY WALTER DURBROW, NEW YORK CITY.

A duty of \$1 per ton is levied on all importations of peat moss under section 471 of the Payne-Aldrich Act. It is respectfully urged that it should be placed on the free list, and inserting after the word "Moss" in section 630 so that the section shall read: "Sec. 630. Moss, peat moss, peat-moss mull, sea weeds, and vegetable substances," etc.

Peat moss is imported from the districts of North Brabant, Limberg, Overijssel, and Friesland in the Kingdom of Netherlands. There are great fields of this material in these districts; the moss extends from the surface of the earth 6 to 10 feet, and under that the peat is found to a depth of 12 feet. The fields are first drained of the water, because in any given quantity of peat moss 27 per cent is water even after the drainage. The moss is taken out in blocks with spades and brought to the factories in flatboats. It is dried in the open air during a period of 8 to 10 months, cleaned and pressed in bales weighing about 200 pounds each. The peat underneath is used in Holland for fuel after being pressed in bricks.

Peat moss is brought to this country and has been imported for a number of years. Table 37 on page 364 of the "Tariff Handbook" gives the following importations in quantity, value, duties, etc.:

	1905	1910	1911	1912
Quantity..... tons..	7,956.80	7,877.56	8,275.76	8,389.68
Value.....	\$48,273.00	\$43,143.00	\$42,052.00	\$40,411.00
Average unit.....	\$6.067	\$5.48	\$5.08	\$4.94
Duties.....	\$7,956.80	\$7,877.50	\$8,275.26	\$8,389.68
Rate per ton.....	\$1.00	\$1.00	\$1.00	\$1.00
Equivalent ad valorem (per cent).....	16.48	18.26	19.68	20.76

Peat moss and peat-moss mull are used in the United States for sanitary stable bedding for horses and cattle. It is noncombustible and acts as a deodorizer. The farmer, stableman, and dairyman use it to keep the air and surroundings of cattle and horses pure and clean. It is a saving in insurance as well.

In the "Mineral Resources of the United States," published by the Government for 1909, at page 432, Charles A. Davis, the expert, writing the article on the production of this material, makes the following comment: "As bedding for horses and stock, this peat litter is serviceable and desirable and should be more widely produced and used than it is in this country."

There is a domestic production in the United States of peat used as fuel, but the only firm manufacturing peat moss stable litter went out of business about 1910. In 1909 at its works in Garrett, Ind.; it had made up 11,000 bales, equivalent to 1,254 short tons, but somehow or other, not thriving, the concern sold its bogs, so that there is no domestic article with which this imported material competes. As a matter of fact, it can not be sent very far from the seaboard. Its average unit value, as seen from the table (supra), in 1912, was \$4.94 per ton. The freight rate from New York or Boston to interior points is in excess of the unit cost per ton, except probably in car-load lots.

This rate of duty was placed upon peat moss first under the Dingley bill and has continued since. There is no home production to protect, nor a competing article which fills quite the same place in what may be termed stable or agriculture economy. It must therefore resolve itself to a question of revenue tax.

Under the McKinley tariff law the Government charged the cost of weighing to and compelled its payment by the importer; such cost was then 3 cents per 100 pounds or 60 cents per ton. This has been changed and the Government now does its own weighing, which, if these figures obtain, leaves a net revenue to the Government, based on the importation of 1912 of about \$3,355. It must be remembered that there are about 10 or 11 bales to the ton.

A great deal is heard these days about helping the farmer and those in kindred lines to use sanitary and hygienic methods. If the views of experts may be taken, the use

PARAGRAPH 472—PENCILS.

of peat moss conduces to that end and makes it very desirable to extend the sale of this article to business stables, stock farms, dairies, and farmers generally.

It is respectfully submitted that the placing of this article on the free list will help very materially to its wider distribution and use.

WALTER DURBROW,
160 Pearl Street, Borough of Manhattan, New York City.
MONTAGUE LESSLER, of Counsel,
31 Nassau Street, Borough of Manhattan, New York City.

JANUARY 24, 1913.

PARAGRAPH 472.

Pencils of paper or wood, or other material not metal, filled with lead or other material, and pencils of lead, forty-five cents per gross and twenty-five per centum ad valorem; slate pencils, covered with wood, thirty-five per centum ad valorem; all other slate pencils, three cents per one hundred.

See Geo. Borgfeldt, page 5224.

PENCILS.**STATEMENT OF PHILIP BEROLZHEIMER, NEW YORK, N. Y.**

NEW YORK, N. Y., *January 29, 1913.*

Schedule N, Paragraph 472, Pencils.

The HONORABLE WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Labor in the pencil industry in the United States is four times as high as in Germany or Austria, three times as high as in England, and about 15 times as high as in Japan, where some 40 lead pencil factories have been established since that Government has put a protective tariff on Japanese made goods, and our export business to that country has been lost entirely since then.

The Eagle Pencil Co. states that they pay to the employees in their London factory \$3.48 average, against \$10.72 per employee per week here for the same grade of work.

Importations have increased since 1894 nearly nine times (see Government Statistics, Exhibit A, attached) in spite of the fact that a German maker started a factory and three other new pencil factories were established in this country during the last few years; and the Japanese pencil makers are just waiting for an opportunity to flood this market still more with their products. (See Exhibit C, Japanese made imitations of pencils.)

Nearly all material in connection with the manufacture of pencils has to be imported, or transported for long distances subject to duties, freight, and profit to the importer. (See Exhibit B, attached.)

Graphite can only be used from Mexico and Austria. This is a great disadvantage as compared with the Austrian pencil manufacturers, who have the graphite right at their door, in the same town in which the pencils are made (Budweis).

Cedar is brought from long distances, from the Pacific coast and the Southern States, and is subject to very heavy freight charges. The farmer has always benefited by fair prices for his wood, whereas the foreign makers are now using a great deal of cheap wood grown in their home market with short freight haul. I refer particularly to German, French, and Japanese manufacturers, who use alder, asp, and German linden at ridiculously low prices.

Exports of pencils, as shown in the Government reports, consist in reality of stationery novelties, the freight rate for pencils being 33½ per cent lower than stationery, which goes under a class rate instead of a commodity rate. Most pencils exported are seconds, shipped to Canada, Mexico, and Cuba. Export business, which is now done to foreign countries by American pencil manufacturers, is mainly done from England, where two American manufacturers, The American Lead Pencil Co., and The Eagle Pencil Co., have, during the last few years, established branch factories with a view of regaining some of the export business, which they have lost on account of the high labor in this country.

An ad valorem duty without a specific does not secure a proper amount of duties, inasmuch as the basis of valuation in Germany and Japan is so ridiculously low, that a

PARAGRAPH 472—PENCILS.

considerable reduction from the present rate would bring to the Treasury scarcely any revenue.

If you consider a reduction of paragraph 472 necessary, we ask you not to eliminate the specific entirely, on account of gross undervaluations and frauds which were practiced. I will mention one fine of nearly \$40,000 imposed on a foreign pencil manufacturer, under an ad valorem duty, as published in the Treasury Department Circular No. 40 of 1896. A reduction in this case would not benefit the consumer nor increase the revenue for the Government.

All of the undersigned interested in the manufacture of pencils are entirely independent. There is no trust or monopolistic combination, restriction of output, division of territories, or any other entangling alliance, and competition is free and in full force. We therefore ask that the present tariff be retained.

Very respectfully, yours,

PHILIP BEROLZHEIMER.

Also representing American Lead Pencil Co., Hoboken, N. J.; Joseph Dixon Crucible Co., Jersey City, N. J.; Eagle Pencil Co., New York; Eberhard Faber, Brooklyn, N. Y.; Essex Lumber Co., New York; Houston & Liggett, Lewisburg, Tenn.; Hudson Lumber Co., Chattanooga, Tenn.; National Pencil Co., Atlanta, Ga.; C. Roberts Rubber Co., Newark, N. J.; Lippincott Pencil Co., Philadelphia, Pa.

EXHIBIT A.—*Importations of pencils to United States.*

[Paragraph 472.]

	Gross.	Value.	Duty.		Gross.	Value.	Duty.
1894.	26,794	\$58,314	.....	1904.	141,698	\$424,674	\$169,932
1895.	58,804	114,849	.....	1905.	137,667	413,286	165,272
1896.	67,740	127,981	.....	1906.	172,552	518,944	207,384
1897.	65,570	146,076	.....	1907.	168,329	497,934	200,096
1898.	52,885	132,900	\$55,931	1908.	157,012	468,813	187,859
1899.	59,763	153,967	64,744	1909.	105,672	367,711	139,480
1900.	82,206	225,075	94,439	1910.	128,277	434,678	166,394
1901.	91,501	246,722	.....	1911.	128,269	408,103	159,746
1902.	104,705	288,923	.....	1912.	126,611	410,601	159,625
1903.	141,867	407,566	.....				

EXHIBIT B.—*Materials which we use and on which duty is paid.*

	Per cent duty.		Per cent duty.
Clay.	12	Box labels.	30
Manufactures of slate.	20	Twine.	45
Shellac.	10	Pasteboard.	35
Aniline colors.	30	Glue.	25
Prussian and Milori blue.	25	Aluminum.	45
Ultramarine blue.	30	Chalk.	7
Vermilion.	15	Talcum.	35
Orange and other lake colors.	25	Pumice.	30
Bronze powder.	20	Oxide of zinc.	15
Leaf gold.	30	Whiting.	20
Fancy papers.	35	Sulphuric acid.	6

1 \$1 per ton.

PROTESTS AGAINST REDUCTION OF DUTY ON PENCILS.

Hon. JEFFERSON M. LEVY, *Washington, D. C.*

DEAR SIR: This a petition to represent your constituents before the Ways and Means Committee on Schedule N, paragraph 472, pencils, the hearings for which close Wednesday, January 29, 1913.

We represent over 1,500 employees of the Eagle Pencil Co., located at East Thirtieth and Fourteenth Streets, in this city, which district you represent in Congress, and would say that more than 5,000 people are dependent on us directly. We have always received fair wages, which are now threatened by a possible reduction in the

PARAGRAPH 472—PENCILS.

new tariff on lead pencils, the tariff on which, under the Payne bill was 45 cents per gross and 25 per cent ad valorem. The specific duty has protected us on cheap and medium-priced pencils which, on account of cheap labor, could be brought in so cheaply from Germany, Austria, and Japan under a low ad valorem duty, that our very positions are threatened.

We respectfully request that if the Committee on Ways and Means find it expedient to cut out all specific duty that they put a minimum ad valorem duty of 50 per cent on pencils.

Trusting to receive a favorable reply from you, we remain, very respectfully,
yours,

LEON C. FELSER, *Chairman.*

(The petition is signed by 1,214 employees of the above-named company.)

MURFREESBORO, TENN., *January 7, 1913.*

Hon. W. C. HOUSTON, *Washington, D. C.*

DEAR SIR: Referring to Schedule N, Paragraph 472, pencils, of the present tariff:

We object strongly to any reduction in the present tariff on pencils. A number of our people manufacture slats for pencil factories and any reduction in the tariff on pencils would make the price of the manufactured stock so low that some of our people would no doubt have to go out of business or cut the price of our labor to equal the pauper labor of Europe. The farmers own the cedar wood that is left in the Southern States, and a reduction in the tariff on pencils would mean a tremendous loss to these men.

Red cedar formerly found only in the Southern States of this country is now shipped in large quantities and much cheaper from the German East African possessions to Germany, where the authorities have publicly recommended to the people not to use any other cedar. The lower the tariff on pencils here the more finished pencils will be imported made of the African wood, thereby cutting down the farmers' income and lowering the wages of the laborers.

Our people depend for their living upon protection of the finished article made in this country as against the low-priced wood used in Germany, Italy, France, and Japan in the manufacture of pencils.

Yours, very truly,

JNO. M. BUTTES, *President, First National Bank.*

(And 6 others.)

(A similar petition dated Smyrna, Tenn., Jan. 14, 1913, with 12 signers was also received and filed.)

ROCKVALE, TENN., *January 14, 1913.*

Hon. W. C. HOUSTON, *Washington, D. C.*

DEAR SIR: Referring to Schedule N, paragraph 472, pencils, of the present tariff:

We object strongly to any reduction in the present tariff on pencils. A number of our people manufacture slats for pencil factories and any reduction in the tariff on pencils would make the price of the manufactured stock so low that some of our people would no doubt have to go out of business or cut the price of our labor to equal the pauper labor of Europe. The farmers own the cedar wood that is left in the Southern States, and a reduction in the tariff on pencils would mean a tremendous loss to these men.

Red cedar, formerly found only in the southern States of this country, is now shipped in large quantities and much cheaper from the German East African possessions to Germany, where the authorities have publicly recommended to the people not to use any other cedar. The lower the tariff on pencils here the more finished pencils will be imported made of the African wood, thereby cutting down the farmers' income and lowering the wages of the laborers.

Our people depend for their living upon protection of the finished article made in this country as against the low-priced wood used in Germany, Italy, France, and Japan in the manufacture of pencils.

Yours, very truly,

J. P. LEATHERS, *J. P.,*

(And 7 others.)

PARAGRAPH 472—PENCILS.

CHATTANOOGA, TENN., *December 31, 1912.*THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to Schedule N, paragraph 472, pencils, of the present tariff: We object strongly to any reduction in the present tariff on pencils. We manufacture slats for pencil factories, and any reduction in the tariff on pencils would make the price of our manufactured stock so low that we would no doubt have to go out of business or cut the price of our labor to equal the pauper labor of Europe. The farmers own the cedar wood that is left in the Southern States, and a reduction in the tariff on pencils would mean a tremendous loss to these men.

Red cedar, formerly found only in the Southern States of this country, is now shipped in large quantities and much cheaper from the German East African possessions to Germany, where the authorities have publicly recommended to the people not to use any other cedar. The lower the tariff on pencils here, the more finished pencils will be imported made of the African wood, thereby cutting down the farmers' income and lowering the wages of the laborers.

We depend for our living on protection of the finished article made in this country, as against low-priced wood used in Germany, Italy, France, and Japan in the manufacture of pencils.

Yours, very truly,

HUDSON LUMBER CO.,
O. F. CHICHESTER,
*General Manager.*LEWISBURG, TENN., *December 31, 1912.*THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We understand that the tariff will shortly come up for discussion, and we would request of you not to make any change in Schedule N, paragraph 472, for the following reasons:

Since the last tariff bill went into effect we have invested a great deal of money in purchasing red cedar and red-cedar rails and represent a number of farmers in the purchase and sale of their red cedar (used almost exclusively for the manufacture of lead pencils) in this State. We ourselves own some good large tracts of cedar rails and are interested to an extent in a large mill here and one at Columbia, Tenn.

There are a large number of farmers engaged in growing red cedar for lead pencils, and those who have good tracts of standing cedar are fencing same at an enormous cost to prevent depredation, believing in its future value for the use of pencils, and are growing and protecting same for their children.

If the tariff on the above paragraph is reduced it will result in the cedar mills having to close down, as lead pencils made of cheaper and poorer wood would then be imported from foreign countries to the detriment of the southern farmers and laborers engaged in this industry, and take from the working people employment, there being thousands of such engaged in marketing, growing, protecting, and manufacturing this class of wood for present and future use.

We will say here that the majority of the southern people are high protectionists and do not wish any change in the present tariff.

Leaving out the mill industry, most all the timberlands on which there is cedar has tripled under the present tariff, and we can see no reason why it should be changed to the detriment of the farmers, who would be the sufferers as owners, and the laborers, who would suffer for want of work, all depending on this cedar to be manufactured into lead pencils and boards that are used for this purpose exclusively.

We would again ask that you give this subject and the above facts due consideration when this measure comes up for discussion.

Yours, very truly,

HOUSTON & LIGGETT,
Per C. C. HOUSTON.

PARAGRAPH 473—PENCIL LEADS.**PARAGRAPH 473.**

Pencil leads not in wood, or other material, black, three-fourths of one cent per ounce; colored, one and one-fourth cents per ounce; copying, two cents per ounce.

PENCIL LEADS.**TESTIMONY OF JOHN J. ROONEY, REPRESENTING RICHARD BEST, 29 BROADWAY, NEW YORK.**

Mr. ROONEY. Mr. Chairman and gentlemen, I am appearing here as an attorney and not as a manufacturer.

Paragraph 473 of Schedule N covers pencil leads in wood; that is the black, the colored, and the copying pencil lead; the ordinary black lead that goes into a lead pencil.

All the way back from the tariff of 1883 to the Payne bill, as it emerged from the conference committee of the two Houses, pencil leads were put down in the tariff at 10 per cent. They carried a 10 per cent rate from the tariff of 1883 up to the Payne bill. The pencil business in this country, as I am told by my clients, was built up on that proposition, of a moderate rate of duty upon the black lead, the colored lead, and the copying lead.

Along in 1909, when the Payne bill was under discussion before this committee, an effort was made to take that rate out of the ad valorem class and to throw it into a specific duty, for the obvious purpose of raising it and concealing the amount of the raise. That attempt was made by four or five concerns in this country, who had combined, not in a single company, but into a gentleman's agreement—a misnomer, according to my way of looking at it. They had agreed in practically all of the big biddings and in a particular part of the territory of the United States on prices. They attempted to have this rate thrown out of the moderate and decent rate of 10 per cent—if any rate is considered decent on articles of this kind—into a specific rate. It did not succeed in the House; it did not succeed here in this committee. All the tariffs from 1883 had carried this 10 per cent rate, and practically all of the manufactories were built up on that, at least four or five of the leading ones who are well known.

When this rate went into the Senate and emerged from the conference committee we have the following result, which exists to-day in the Payne bill:

Pencil leads, not in wood, black, three-fourths of one cent per ounce; colored, one and one-fourth cents per ounce; copying, two cents per ounce.

Those are the rates to-day.

Mr. HILL. Let me ask you a question right there. In 1912 the rate on pencil leads, copying, seems to be 1½ as against 2 cents in 1911?

Mr. RAINEY. A cent and a quarter.

Mr. ROONEY. A cent and a quarter on the colored.

Mr. HILL. There seems to be a discrepancy in paragraph 473, pencil leads, not in the wood, or other materials, colored, seem for 1910 and 1911 to have been 1½ cents.

Mr. HARRISON. That is just a misprint, I think.

Mr. HILL. It is evidently a misprint.

PARAGRAPH 473—PENCIL LEADS.

Mr. ROONEY. I looked over the source book. I asked for the privilege of seeing some of the figures and I looked over the source book and I saw that that is a misprint.

Translated into the ad valorem equivalent, I find that the source book gives the ad valorem equivalent on black—that is, three-fourths of 1 cent per ounce—as about 20 or 21 or 22 per cent. As a matter of fact that is a mistake also. I have here the actual number of importations showing that the ad valorem equivalent on that lead, taken from invoices of this one concern that I represent—and which, by the way, did not go into the gentleman's agreement and has refused to go into it up to the present minute—that the ad valorem equivalent runs from 20 up to about 90 per cent. There is the result of throwing it from the 10 per cent rate over into this specific rate on the ounce.

Mr. KITCHIN. That is only an increase from 100 to about 800 per cent?

Mr. ROONEY. Of course, and that is the nigger in the woodpile.

Mr. KITCHIN. That is the revision downward.

Mr. ROONEY. That is the revision downward that we got in the conference committee in the upper House.

Mr. PALMER. Is that a Rhode Island industry?

Mr. ROONEY. That is the Aldrich end of the Payne-Aldrich bill on this particular item.

Mr. PALMER. I am asking about the industry. Where is it located?

Mr. ROONEY. It is not a Rhode Island industry, but it sounds very much like it. It did not come out this way. This House stood on the 10 per cent rate—the old rate that had gone on right along.

The present petitioner asks that the old rate of 10 per cent be restored or, if in your wisdom you think—and personally I think that it should be taken off entirely—it should be put on the free list.

Mr. KITCHIN. As a punishment for the way they slipped it across in 1909?

Mr. ROONEY. Yes, sir. If you want to suit me you will put it on the free list, but if you want to put on the old rate of 10 per cent you will be taking, what I consider, a very conservative step. I urged my client to recommend that it be put on the free list entirely, and he said he had no objection to that.

I think that is all I can say, gentlemen, except that if we can get this article with which we are all familiar on a reasonable basis, this article which is the essential part of the manufacture of lead pencils, we will have a better chance for competition in lead pencils, because this is the only concern that has kept up active competition with the combination that has absolutely shielded itself behind the tariff and behind a peculiarly insidious form of tariff. I would like to submit this brief.

Mr. HILL. Do you manufacture lead pencils?

Mr. ROONEY. No, sir; I do not.

Mr. HILL. Do you represent anybody that does?

Mr. ROONEY. I represent a gentleman whose name is on the list, Mr. Richard Best, of New York, who has been a friend of mine for the last 23 years.

PARAGRAPH 473—PENCIL LEADS.

Mr. HILL. Does he recommend a similar reduction on the finished product?

Mr. ROONEY. I did not ask him anything about it. He did not tell me anything about it; but as far as I am concerned, if you ask me I would say yes.

Mr. HILL. As his attorney, you do recommend a reduction on the finished product?

Mr. ROONEY. As his attorney, I have no recommendations to make, because he did not ask me to make any recommendation, but if you want my personal opinion, which I am authorized to make for myself, I would think it would be a good thing to make a reduction all around, not only in the matter of lead pencils, but on every article that will come before this committee.

I thank you, gentlemen.

BRIEF OF JOHN J. ROONEY.

To the WAYS AND MEANS COMMITTEE,
House of Representatives.

This is a request to revise substantially downward paragraph 473 of the act of the existing tariff (Schedule N—Sundries).

1. The existing tariff provides, under the paragraph named above, as follows:

"473. Pencil leads, not in wood or other material, black, three-fourths of one cent per ounce; colored, one and one-fourth cents per ounce; copying, two cents per ounce."

2. Under all tariffs since 1883, including the so-called McKinley bill of 1890, the so-called Wilson bill of 1894, and the so-called Dingley bill of 1897, a duty was levied upon pencil leads of 10 per cent ad valorem, the object of this rate being to provide a moderate rate of duty upon the raw material for the manufacture of pencils in this country.

3. The Ways and Means Committee of the House in 1909 proposed a continuance of this 10 per cent ad valorem duty, but the Senate Finance Committee changed the basis of the duty from an ad valorem rate to a specific rate. The result of this change which was embodied in the existing tariff was that the ad valorem equivalent of the new, and now existing, rates amounted to from 50 to 90 per cent.

4. The object of this advance was to put a prohibitive rate of duty against the raw material which was used in manufacturing a pencil made in the United States in competition with a combination of other American pencil manufacturers. No other article used as a raw material was assessed, under the act of 1909, under such an enormous rate of duty.

5. The intent in putting such an article as black and colored lead under a specific duty levied by the ounce instead of by the pound or the hundred pound must be manifest. The statement that it was difficult to find the correct market value of such an article as black, colored, and copying leads, which had been imported for many years and whose values were well known, is ridiculous in the extreme.

6. But that this was a mere excuse for handicapping a rival American manufacture is manifest by comparing the long-standing 10 per cent rate with the new and now existing 50 to 90 per cent rate, against which we protest. The change was simply a cloak to cover an exceedingly onerous and almost prohibitory rate of duty. The object was to handicap and possibly kill an independent and competing American industry.

7. The entire pencil industry of the United States was built up upon a basis of 10 per cent duty on pencil leads. All the manufacturers of lead pencils in this country were started on this basis. The leads were imported and the pencils were finished here.

8. A combination, or trust, was started in this country. Petitioners never joined this combination, but started a factory in this country to manufacture lead pencils, relying upon the duty of 10 per cent on the leads. Thereupon the combination sought and succeeded in obtaining the existing enormous specific duties against the pencil leads, for the manufacture of which they were especially equipped.

9. The revenue to the Treasury, never large from this small item, has increased under the new rates, but is still small.

10. The rate of duty should be restored to the old rate of 10 per cent ad valorem or put on the free list. This rate would not only tend to encourage independent manu-

PARAGRAPH 473—PENCIL LEADS.

facture in the United States and give the consumer the benefit of competition, but would also increase the revenue to the Treasury of the United States. Both the consumers of lead pencils and the Treasury would benefit. The only supporters of the existing rates of duty were certain domestic interests that have formed a combination among themselves and seek to destroy competition in the American market.

Attached is a statement from actual importations showing invoice number of leads, invoice price, weight, actual duty, and ad valorem equivalent to existing specific rate. Respectfully submitted.

JOHN JEROME ROONEY

(For Richard Best, No. 61 Duane Street, New York).

Invoice No. of leads.	Invoice price (per gross).	Weight (per gross).	Actual duty.	Equiva- lent to—
		<i>Ounces.</i>	<i>Cents.</i>	<i>Per cent.</i>
1000	\$0.10	7½	5½	57½
1001	1.10	6½	5	50
1002	1.10	6	4½	45
1003/1	1.25	11	8½	33½
1003/2-3-4	1.15	6½	5	33½
1006	1.42	8½	5	12
1008	1.68	17½	13	20
1009	1.87	6½	5	6
1010	1.25	6	4½	3
1018	1.27	13	10	35
1031	2.68	30½	38	55
1032	2.68	20	25	35
1046	2.35	20	25	75
1047	2.35	34	30	90
1048	2.35	20	25	75
1049/58	2.35	22	27½	80
1082	2.56	12	24	45
1083	2.56	14	28	50
1093	2.88	9	18	20

¹ Black, ½ cent. ² Colored, 1½ cents. ³ Copying, 2 cents.

The CHAIRMAN. The committee stands adjourned until 10 o'clock to-morrow morning.

Whereupon, at 10.42 o'clock p. m., January 29, 1913, the committee adjourned until to-morrow, Thursday, January 30, 1913, at 10 o'clock a. m.

BRIEFS ON PENCIL LEADS.

JANUARY 29, 1913.

BLACK LEADS.

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: The cost of labor per gross of leads is three times the cost of the materials, averaging 14 cents for labor per gross against 3 cents in Germany. The cost of labor increases in proportion to the increase in diameter of the lead, and fixed charges, such as rent, power, insurance, and management, are in proportion to the other labor, which is from three to four times as much as in Germany, Austria, or in England, and about 15 times as much as in Japan, where they are now making pencil leads and pencils with the latest improved machinery from Germany.

COLORED AND COPYING LEADS.

The American manufacturer pays 8 cents duty per pound of milori blue and other colors and 30 per cent ad valorem for methyl violet, used for copying leads, which is equivalent to 15 cents duty per gross of leads. Under an ad valorem duty a profitable industry may be developed by importing these leads for the purpose of extracting the colors.

PARAGRAPH 473—PENCIL LEADS.

Under a ruling of the United States Supreme Court some years ago, electric carbons had been entered in any length and had been constantly imported three times the actual size required for mercantile purposes, thereby reducing the tariff to one-third of what the legislators intended. The same law would hold good for pencil leads, the usual size of which is 7 inches, but which could be imported in long sticks and then cut down to any size required. For this reason the Payne tariff act changed the duty on pencil leads, which is now paid by the ounce, equaling about 25 per cent ad valorem. Government statistics (see Exhibit A, attached) also show that the importation of this article in 1909 was almost 10 times that of 1894, and though it decreased somewhat after that, owing to the establishment of several new pencil and lead factories in this country, the duties collected were about \$3,144 in 1904 and increased constantly until in 1912 they were \$31,291, showing conclusively that the tariff by weight protected the American industry and increased the revenue for the Government considerably. We ask, therefore, that you will continue the present rates, as follows:

"Pencil leads not in wood, or other material, black, three-fourths of one cent per ounce; colored, one and one-fourth cents per ounce; copying, two cents per ounce."

Yours, respectfully,

PHILIP BEROLZHEIMER,
377 Broadway, New York.

Representing: American Lead Pencil Co., Hoboken, N. J.; Joseph Dixon Crucible Co., Jersey City, N. J.; Eagle Pencil Co., New York; Essex Lumber Co., New York; Houston & Liggett, Lewisburg, Tenn.; Hudson Lumber Co., Chattanooga, Tenn.

EXHIBIT A.—*Importations of lead.*

	Value.	Duty.		Value.	Duty.
1894.....	\$16,271	.....	1904.....	\$31,441	\$3,144
1895.....	27,969	.....	1905.....	97,079	9,707
1896.....	43,594	.....	1906.....	95,326	9,532
1897.....	36,611	.....	1907.....	113,182	11,318
1898.....	36,151	.....	1908.....	135,060	13,506
1899.....	42,439	.....	1909.....	148,027	14,802
1900.....	63,933	.....	1910.....	108,381	24,393
1901.....	68,271	.....	1911.....	97,520	24,327
1902.....	67,619	.....	1912.....	121,926	31,291
1903.....	82,856	.....			

U. S. PENCIL CO.,
St. Paul, Minn., January 27, 1913.

HON. OSCAR UNDERWOOD,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Will you kindly permit us to call your attention to the schedule of pencil leads. In the Payne bill this schedule was changed from ad valorem to specific duty and increased about 500 per cent over the former rate of 10 per cent ad valorem, but by our efforts and letters to the conference committee at that time it was reduced to the present specific rate, which is equal to about 30 per cent ad valorem and still an increase of 200 per cent over the old rate of 10 per cent.

It was very evident that this change had been dictated by the pencil combine, as there was absolutely no demand for it. The rate had been 10 per cent for years. There is very little suitable graphite found in this country for pencils. It must be imported.

As near as we have been able to learn there are only one or two graphite mines in this country suitable for pencils, and these are owned by the Dixon and one of the other large companies, and they refuse to sell any material to others except at prohibitive prices.

The duty on leads should be restored to 10 per cent ad valorem for common leads, as well as copying leads.

Yours, truly,

U. S. PENCIL CO.

PARAGRAPH 473—PENCIL LEADS.

BLAISDELL PAPER PENCIL CO.,
Philadelphia, Pa., January 13, 1915.

HON. J. HAMPTON MOORE,
Washington, D. C.

SIR: This petition to represent your constituents before the Ways and Means Committee on Schedule N, paragraph 473, "leads for pencils," the hearings for which close Wednesday, January 29, is made as brief as possible, but I will be only too glad to furnish at your request complete detailed information.

This rate under the former tariff on this item was 10 per cent ad valorem. Under the present tariff the rate on black leads is three-fourths cent per ounce, and on colored leads $1\frac{1}{2}$ cents per ounce, and, while under the former tariff a dividend of 10 per cent was paid the stockholders of this company, no dividend was paid in 1912. A dividend would have been paid, however, out of the earnings for 1912 had the old tariff rate been unchanged.

The commercial rating of the "Big Four," or of those lead-pencil companies popularly termed "The Combination," as given by Dun, exceeds \$3,500,000. As given by Bradstreet it exceeds \$4,000,000. The present rating of this company, as given by Dun and Bradstreet, is from \$35,000 to \$75,000.

The Blaisdell Paper Pencil Co. is practically the exclusive importer of colored lead sticks and colored lead pencils constitute by far the largest percentage of our manufactured product. Therefore, we can not help but feel that the present duties of $1\frac{1}{2}$ cents per ounce on colored lead sticks, which by reason of the metallic pigment coloring matter and their larger diameters average not less than three times the weight of black-lead sticks, was enacted through the direct influence of concerns whose aim was to secure the patronage enjoyed by ourselves.

There is no patent protection on Blaisdell paper pencils and our products must be sold in direct competition with wooden pencils. There can be no price competition, as the average cost of pencils of our manufacture exceeds the average cost of wooden pencils manufactured by not less than 50 per cent. The average cost of Blaisdell pencils to the wholesale trade exceeds also by at least 50 per cent the average cost of all wooden pencils purchased by wholesalers. By reason of increased factory cost our products can only be sold in competition with the cheaper wooden pencils, owing to superior quality and their economical features. The difference in cost to wholesalers existed under the former tariff of 10 per cent ad valorem. Consequently, there was absolutely no need for the increased rate under the present tariff.

There are not less than 500 residents of Philadelphia and vicinity who are absolutely dependent for their living upon the prosperity of this company, and the average daily wage, exclusive of executive salaries, paid by the Blaisdell Paper Pencil Co., exceeds by not less than 25 per cent the average daily wage, exclusive of executive salaries paid by any or all of the wooden lead pencil companies. By far the largest percentage of our employees have been with us from 10 to 17 years. Consequently, their earning capacity if forced to seek employment elsewhere, would be materially decreased. In some cases this earning capacity would be decreased not less than 50 per cent.

The present rate is an appalling menace to the welfare of this company and, although we would prefer to see both black leads and colored leads enter duty free under the classification of raw materials, to which they properly belong, we would be entirely satisfied if they were entered at former rate of 10 per cent ad valorem.

Our understanding of the tariff is that it should protect labor. The fact that the cost of labor which enters into the manufacture of lead sticks is less than 5 per cent of the total cost shows that there is very little necessity for so-called protection. We earnestly request your support and influence, and beg to remain,

Respectfully, yours,

STUART H. HEIST.

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

PARAGRAPH 474.

Photographic dry plates or films, not otherwise specially provided for in this section, twenty-five per centum ad valorem. Photographic film negatives, imported in any form, for use in any way in connection with moving-picture exhibits, or for making or reproducing pictures for such exhibits, and moving-picture films not developed or exposed, twenty-five per centum ad valorem. Photographic film positives, imported in any form, for use in any way in connection with moving-picture exhibits, including herein all moving, motion, moto-photography or cinematography film pictures, prints, positives or duplicates of every kind and nature, and of whatever substance made, one and one-half cents per linear or running foot.

PHOTOGRAPHIC PLATES.

TESTIMONY OF W. O. GENNERT, 149 BROADWAY, NEW YORK CITY, N. Y., ON THE SUBJECT OF PHOTOGRAPHIC FILMS.

Mr. GENNERT. Mr. Chairman, I desire to call the attention of the committee to section 474 of the present tariff act, which provides for a duty on photographic dry plates or films not otherwise specially provided for in this section at 25 per cent ad valorem.

I will say before going into the subject of films that I appeared before this committee and discussed the question of photographic cameras, and stated that they more properly belonged under manufactured articles in paragraph 474 than classed as optical instruments under paragraph 108.

The principal kind of film to which I desire to call the attention of this committee are photographic films unused or in the raw and ready for use to make pictures thereon, either in the little hand cameras or in the moving-picture cameras.

If you will read further in paragraph 474 you will find reference to photographic film negatives and photographic film positives, the former being taxed at 25 per cent and the latter at 1½ cents per linear or running foot. Before taking up the merits of my articles, I would like to explain the difference between the two kinds of films, as it seems to have caused some confusion when the last tariff act was under discussion.

The only film that I am interested in is the raw film unused and ready to receive the picture. In the act that is the only film which is called "film;" but unfortunately in the popular parlance the finished picture is also referred to as a film. A film negative is not a film; it is a finished picture, the word "negative" simply meaning that the image is reversed. A film positive is simply a copy made from the film negative in which the picture is correctly transposed in its positive form and is ready to be used in the camera or thrown on the screen. We do not deal in either the photographic film positives or the photographic film negatives, which are finished pictures, the one being basic and the other being copies made from the basic negative. We are only interested in the raw film, as it is called in the act, not developed or exposed, and which we desire to sell to the photographers in America and to merchants using this film in making moving pictures.

Mr. HULL. Which paragraph is that under?

Mr. GENNERT. Paragraph 474.

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

Mr. HULL. Which clause of that paragraph?

Mr. GENNERT. The unused film. "Photographic dry plates or films not otherwise specially provided for in this section, 25 per cent ad valorem."

The other two grades of pictures are not really films, namely, the film negative and the film positive, which are referred to in a separate section of that paragraph.

I will take up the films first and the plates afterwards. I desire that this committee place upon the free list photographic films not developed or exposed, for the reason that the manufacture and sale of these films in the United States at the present time is in the hands of an absolute monopoly, the Eastman Kodak Co. and its various subsidiary companies, who manufacture and sell, at a modest estimate, 95 per cent of the films used and sold in America. I might add that this same company sells probably from 75 to 85 per cent of all of the films used or sold in Europe. They have control of the German Kodak Co., they have control of the French Kodak Co., and they have control of the Kodak Co. (Ltd.), in England. They have established this absolute monopoly in the United States and partly in Europe through the use of unfair methods and restrictive methods in absolutely compelling the people to use their films. They are in a position, with their tremendous output and their tremendous profit, to make films cheaper than anybody.

For instance, they will go to a retail dealer who has, we will say, a film of ours in his window. Their demonstrator or their salesman will go in and say, "Take that out." If he did not take out the Gennert film he could not buy any more goods from the Eastman Kodak Co. With their tremendous resources and their advertising they have established such a demand for their goods that the average merchant is afraid to incur their wrath.

Mr. HULL. Have you called the attention of the Department of Justice to those facts?

Mr. GENNERT. Yes, sir; the Department of Justice is now engaged upon a thorough investigation of the organization and methods of the Eastman Kodak Co.

Mr. HULL. What is the capital stock of that concern?

Mr. GENNERT. The capital stock of the Eastman Kodak Co. is approximately \$6,000,000 (6 per cent) preferred and slightly less than \$20,000,000 common. It paid in 1911, 42½ per cent dividends on the common stock and had a surplus of over \$12,000,000 and a reserve for depreciation of over \$6,000,000.

Mr. HULL. How long has it been in existence?

Mr. GENNERT. In its present form approximately since 1902. The dividends started in that year at 2½ per cent, and I believe in 1912 they were approximately 40 per cent. So far they have declared a measly dividend of 12½ per cent in 1913 on the common stock.

Mr. HULL. Have they been increasing prices on these articles?

Mr. GENNERT. Not lately. When the combination was started it increased prices on certain articles. For instance, photographic paper was raised from 75 cents to \$1.35, after they had bought up practically all of the competing paper companies. I might say that

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

they advertised in their own trade journals that they sell 95 per cent of the paper used and manufactured in the United States.

Mr. HULL. You say they have secured control of most of the rival concerns in Europe?

Mr. GENNERT. I would not say that; no, sir. But they have control of the companies which bear the name "Kodak." They were incorporated by the Kodak Co., and they have a large company in each of the large European countries.

Mr. HULL. They have established branch businesses in those countries?

Mr. GENNERT. Yes, sir; although I understand the Kodak Co. (Ltd.) was once an independent English company.

Mr. HULL. Do you know whether they have any agreement with the rival concerns of which they have no control in a financial way?

Mr. GENNERT. That is rather difficult for me to answer. For instance, they have an agreement with the Moving Picture Patent Co. and its allied concerns, which are known as the Moving Picture Trust, that they would only sell films to persons who were pronounced as good and well behaved by the Moving Picture Trust. What changes have been made in that contract I can not tell, but I can say that the Moving Picture Patent Co. and its allied concerns have been sued by the United States Government, and action is now pending in the eastern district of Pennsylvania. I believe within the next few days the contracts with the Eastman Kodak Co. are going to be produced in court, and undoubtedly the Department of Justice can furnish all of that information.

Mr. HULL. That concern virtually controls the output, controls the territory, and controls the prices?

Mr. GENNERT. Exactly.

Mr. HULL. Not only in this country but in a number of other countries?

Mr. GENNERT. Exactly, although the control is not as strong in Europe as it is here.

For instance, they sell in Europe film in retail quantity at 3 cents a foot, and they sell it in America in wholesale quantities at 3½ cents a foot. I can not buy from them. They refuse to sell my firm.

Mr. HULL. Has this concern been coming and asking for a tariff to protect the articles which it handles?

Mr. GENNERT. If I may use information which is not my own, I will state that they endeavored at the time the Payne-Aldrich bill was being prepared, to have the tariff raised to 60 per cent on films.

Mr. HULL. On the chief products it handles?

Mr. GENNERT. Yes, sir; on films. I might say the statement has been made that it exported to Europe in one year 11,000 miles of films. Their exports for the 10 months ending October, 1912, are given in the report of the Bureau of Commerce and Labor at slightly over \$5,000,000, which would be about 25,000 miles of film.

Mr. HULL. Have you stated all you know about the improper methods that are used with respect to controlling outputs, the means by which it eliminates rival concerns and fixes prices arbitrarily?

Mr. GENNERT. I have not, sir. I have made merely a general statement. I have a sincere hope that action will be shortly started

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

against the Eastman Kodak Co. by the Department of Justice. And I want it distinctly understood in making that statement that I speak entirely of my own belief and hope and am not directly or indirectly quoting anybody in any way connected with the Department of Justice. I would consider that improper.

Mr. HULL. You do not care to detail any further facts about it?

Mr. GENNERT. I do not, sir. I will read one or two letters. I have a large batch of letters here. Our complaints generally come in this form. Usually they will telephone to us or will come in to us and say, "I am sorry, I can not buy your goods, you will have to take them out. If you do not take them back, I can not sell them; Eastman won't let me." But some of them, more courageous or more foolish, just as you may consider it, have written letters. I will read one from a small town in Pennsylvania. Unless you gentlemen insist on it, I will not give any names, because if the information is published at this time, they will simply be cut off.

We have been driven to import films. We can not buy them in America, so naturally we have imported them, and we are compelled to pay an ad valorem duty of 25 per cent, and we can not make money on that.

Mr. DIXON. Your time has expired, Mr. Gennert.

Mr. GENNERT. May I just refer briefly to a question of plates, as to which some statements were made this morning?

Mr. DIXON. Yes; you may proceed.

Mr. GENNERT. I am afraid that those statements will mislead the committee. Mr. Cramer, when he appeared here this morning, stated that he desired the duty on photographic dry plates to be raised from the present duty of 25 per cent to 40 per cent ad valorem, because a certain English house exported plates to New York at 50 cents, and it cost them 53 cents to manufacture plates in America.

One point that I would ask from this committee is that we want a chance to live, and if something is not done to reduce these duties I am going to prophesy that within five years there will not be anybody in the photographic business in America except the Eastman Kodak Co. They are even going after the photograph galleries, and when they get them, that will be the end of the rest of us.

Mr. HALL. Where is the place of business of the Eastman Kodak Co.?

Mr. GENNERT. In Rochester, N. Y.

BRIEF OF G. C. GENNERT, NEW YORK, N. Y.

NEW YORK, N. Y., January 30, 1913.

To the Chairman and Members of the Ways and Means Committee:

I appear before this committee for the purpose of requesting a sweeping reduction in the tariff on photographic dry plates and films, now taxed at 25 per cent ad valorem under section 474 of Schedule N, Sundries.

My firm, G. Gennert, of New York City, which has been in the general photographic business since 1854, has previously filed a brief with this committee on the subject of photographic cameras, classified by the Board of General Appraisers as "optical instruments" at 45 per cent duty under section 108 of the present tariff law, a section to which cameras do not properly belong. (See Schedule B, Jan. 9, 1913, p. 889.)

PARAGRAPH 474—PHOTOGRAPHIC PLATES.**PHOTOGRAPHIC FILMS, NOT DEVELOPED OR EXPOSED.**

Two classes of photographic films are now imported into this country, both of which are covered by section 474 of the present tariff act.

They are:

(1) Photographic films in the raw; that is to say, films in a condition ready to have a picture taken upon them. Technically speaking, these films are well described in the act (sec. 474) as "not developed or exposed."

(2) Films already exposed and developed and therefore having a picture thereon; these are almost exclusively moving picture films and are again divided into two classes called film negatives and film positives.

Film negatives are films in the raw, exposed in the camera and developed and in a condition that prints or positives may be made therefrom. These pay a duty of 25 per cent ad valorem.

Film positives are positive copies made from a film negative and represent the form in which films are sold to the moving-picture theaters.

Our request for a reduction in duty is restricted to films "not developed or exposed" or raw films, as we have called them, which excludes film negatives and film positives carrying a finished picture.

Films in the raw state—that is to say, films not exposed and not developed now paying a duty of 25 per cent ad valorem—should be placed upon the free list, and for the following reasons:

(1) Their sale in America is practically monopolized by the Eastman Kodak Co., a corporation of New York, which has secured this monopoly by the use of unfair trade restrictions and agreements, which have practically smothered all competition.

(2) They can be and are produced at less cost in America than abroad. As proof of this assertion, we point out the fact that the Eastman Kodak Co., manufactures at Rochester, N. Y., all the films that it exports to Europe, which amounts to 80 per cent of all films used there, and this, despite the fact that its parent corporation, the Eastman Kodak Co. of New Jersey, owns the control of the extensive works manufacturing photographic supplies at Harrow, England. Its yearly production of film is so vast that no other manufacturer in the world can expect to compete with it on the cost of production.

(3) The question of the difference in the cost of labor abroad and in the United States need not be considered. The basic film is manufactured and coated with film emulsion by machinery at a very low cost. The item of labor is a negligible proportion of the whole cost. As proof of this we repeat that the Eastman Kodak Co. manufactures no films at its Harrow, England, plant, nor does it import any films into the United States, while it exports them in vast quantities.

(4) The Eastman Kodak Co. sells moving-picture films cheaper in Europe in retail quantities than it does in America in wholesale quantities. Thus the Kodak (Ltd.), the English Eastman subsidiary, sells films in retail quantities at 3 cents a foot, against the wholesale price in America of 3½ cents a foot, a difference of approximately 15 per cent.

(5) Substantially all the raw material used in the manufacture of films in the United States is produced here and therefore pays no duty.

(6) The films we import are made upon celluloid manufactured in the United States and exported to Europe, where it is coated with sensitive emulsion and then returned to the United States, where the finished article must, under the present tariff law, pay an ad valorem duty of 25 per cent. In addition, the importer must pay the high freight rate of 36 shillings per ton and 1 per cent ad valorem. The same abnormal freight rate applies to the celluloid on its shipment to Europe for coating.

(7) The exports are enormous, while the imports are almost negligible and produce a minimum of revenue.

(8) The present tariff enables the Eastman Kodak Co. to exact an enormous tribute in swollen profits from the American people, as its dividend record shows. This dividend record demonstrates that the American industry needs no protection.

(9) The present duty should be removed in order that competition may be made possible.

In support of the foregoing we state the following facts:

The Eastman Kodak Co. of New Jersey not alone controls the entire photographic business of America, but it has acquired the Kodak (Ltd.) of London, the Eastman S. A. F. of Paris, and the Kodak Gesellschaft m. b. H. of Berlin, and is the leading factor in the photographic business of the world.

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

The import of films in the raw state is negligible at the present time, my firm being one of the largest importers; the imports for the year ending June 30, 1912, were \$75,328, while the exports for the 10 months ending October, 1912, were \$5,106,756.

The Eastman Kodak Co. has \$6,165,700 preferred 6 per cent cumulative stock, regularly paying dividends, and outstanding common stock in the amount of \$19,512,300. On December 31, 1911, it had a surplus of \$12,186,288, an increase of almost \$2,000,000 over 1910, and a reserve for depreciation, etc., of \$6,413,102, an increase of about one-half million over 1910; both figures are now on the increase.

It had total assets on December 31, 1911, of \$46,556,920, an increase of about \$4,000,000 over 1910. Its dividends on the common stock started at the rate of 2½ per cent per annum in 1902, the first year of its present organization, increasing each year up to the panic year of 1907, when 20 per cent was paid. They reached their climax in 1911, when 42½ per cent was paid, and thus far in 1913 12½ per cent has been declared; in 1912 approximately 40 per cent was paid.

We import photographic and moving-picture films for the reason that we can not buy them in America. The Eastman Kodak Co. refuses point blank to sell us anything, because we will not carry their goods exclusively.

Shall this powerful corporation be aided in the substantial monopoly of the photographic business of this country, which it now has, by a continuation of a tariff of 25 per cent on its principal product, furnishing in 1911 at least 50 per cent of its net profits of \$11,649,263 (57.81 per cent applicable to dividends upon its common stock), out of which it paid in that year dividends of \$8, 174,847, or 42½ per cent on its common stock? Even in the panic year of 1907, when its control of the entire business was not as complete as it now is, its earnings showed 34.95 per cent applicable to the common stock of about \$20,000,000.

PHOTOGRAPHIC PLATES.

The present duty of 25 per cent ad valorem on photographic plates under section 474 should be reduced to 10 per cent ad valorem.

The situation in dry plates is very similar to that in films in this country, although the control of the Eastman Kodak Co. over plates is not as complete as over films, nor is their restrictive policy enforced as ruthlessly.

There are two independent American factories making dry plates, the Cramer Dry Plate Co. and the Hammer Dry Plate Co., both of St. Louis, Mo., who together manufacture, estimatedly, about 20 per cent of the American output, the balance going to Eastman.

We estimate the sale of the American-made dry plates in this country at \$5,000,000 and the imports at less than \$100,000; the Department of Commerce and Labor gives no separate figures as to the imports of dry plates.

We append hereto a calculation based on 240 dozen 8 by 10 dry plates, which we use as a unit. From this calculation it will appear that, taking into consideration all the factors confronting the American producer (excluding the item of difference in cost of labor between here and abroad, which is a negligible percentage of the total cost), a duty not to exceed 6 per cent will equalize the duties paid by the American manufacturer upon the imported raw material used in the process of manufacture.

We submit that a duty of 10 per cent ad valorem is amply sufficient to protect the American manufacturer and will compensate him for any difference in the cost of labor that may exist between the United States and abroad. In point of fact, the American manufacturer requires no protection, as photographic dry plates of American manufacture are sold at lower prices in the United States than those at which the European manufacturer sells them abroad.

F. Ernest Cramer, an American manufacturer, on January 30, 1913, stated before this committee (Schedule N., Book No. 23, p. 4447) that it cost 53 cents a dozen to make a 5 by 7 plate in America, while English plates are sold in this country at 50 cents a dozen.

Both of these statements are incorrect; all of the plates made in this country can be manufactured at less than 50 cents for a 5 by 7 size; they cost from 40 to 45 cents to manufacture; the ordinary net wholesale prices of plates in this country are approximately as follows for a 5 by 7 size: Stanley plate, \$0.49; Standard, \$0.58; Hammer, \$0.55; Cramer plate, \$0.56.

My firm is the principal importer of English plates and our price is 58 cents a dozen for 5 by 7. No English plates are sold in this country at 50 cents a dozen for the 5 by 7 size.

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

As soon as Mr. Cramer finished testifying, I went out to a retail store in Washington and bought a dozen American-made 5 by 7 plates for 55 cents and annex receipted bill. How could they be sold retail for 55 cents if the American cost of production were 53 cents?

The statements of Mr. Cramer as to lantern-slide plates are likewise erroneous.

He says, at page 4447 of the record: "The 3½ by 4 lantern-slide plates, English make, are sold at 22 cents a dozen in this country, whereas it costs us about 27 cents a dozen to manufacture."

This is not true.

The English lantern-slide plate mentioned by Mr. Cramer is sold by us in America to large consumers for 27 cents a dozen, whereas Mr. Cramer sells the same plates for 25 cents a dozen and other American manufacturers sell them as low as 21 cents.

Mr. Cramer and his family have been in the dry-plate business for over 30 years and were the pioneers in this country; it is ridiculous to suppose (as he stated before this committee) that the English makers can sell plates in this country at 6 per cent below Mr. Cramer's manufacturing cost, without putting him and the other manufacturing companies out of business.

Yet Mr. Cramer has done a large and profitable business for over 30 years and is prospering to-day.

We respectfully ask that the duty on dry plates be reduced from 25 per cent ad valorem to 10 per cent ad valorem, and that photographic films "not developed or exposed" be placed on the free list.

Respectfully submitted.

G. C. GENNERT.

Calculation of the percentage of excess cost of production to American manufacturer due to duty and freight of imported materials, based upon a batch of 240 dozen 8 by 10 dry plates, a quantity formerly used as a unit and called an "emulsion."

240 dozen plates at \$2.40 per dozen, list, are worth	\$576.00
Less 45 per cent discount.....	259.20

Net selling price.....	316.80
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This quantity requires 8 pounds of imported gelatin and 16 cases of 100 square feet each of imported glass, as there are 15 dozen 8 by 10 sheets of glass in a box of 100 square feet.

The duty on 8 pounds of gelatin at 60 cents per pound, cost in Europe, at 15 cents per pound and 20 per cent ad valorem, is as follows:

8×15 cents=\$1.20+20 per cent of \$4.80=96 cents, total.....	\$2.16
The duty on 16 cases of glass—1,600 square feet at 1½ cents per pound (1,664 pounds net weight).....	22.88

Total duty on imported material.....	25.04
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Less saving to American manufacturer in freight as follows (freight on glass being much cheaper than freight on dry plates):

	Pounds.
A 100-foot case of glass (15 dozen 8 by 10 sheets) weighs packed gross.....	114
28 dozen dry plates packed weigh gross.....	220
240 dozen 8 by 10 glass therefore weigh.....	1,824
240 dozen 8 by 10 plates therefore weigh.....	1,886

Freight on glass is 12 shillings per ton.....	\$2.88
Freight on plates is 34s. 6d. per ton.....	8.28

Freight, 1,886 pounds plates at \$8.28 per ton.....	7.81
Freight on 1,824 pounds of glass at \$2.88 per ton is.....	2.63

Resulting in a saving of freight to the American manufacturer of.....	5.18
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And making his duties, less his saving in freight, which is equal to about 6 per cent on the net selling price.....	19.86
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PARAGRAPH 474—PHOTOGRAPHIC PLATES.

TESTIMONY OF F. ERNEST CRAMER, ON BEHALF OF THE
G. CRAMER DRY PLATE CO., OF ST. LOUIS, MO.

The witness was duly sworn by the chairman.

Mr. CRAMER. Mr. Chairman and gentlemen of the committee, I am appearing in behalf of the photographic dry plate industry, an industry which is contributing considerable toward the revenues of the Government in the shape of duty on window glass, of which we import hundreds of thousands of boxes a year, on which the duty ranges from \$1.10 up to \$3.50 per case, and also on thousands of cases of gelatin, on which the duty averages about \$40 a case.

Notwithstanding the fact that neither one of these articles is made in this country, there was an increase of almost 50 per cent in the duty on window glass in the Payne-Aldrich bill as compared with the Wilson bill, and about 40 per cent on gelatin in the Payne-Aldrich bill as compared with the Wilson bill.

However, we realize the fact that it requires a certain amount of revenue to run the Government, and we are willing to have the duty, although it is really exorbitant on these two articles, remain as it is, provided this committee will rectify an injustice which was done to us in having the duty on the finished product, on the dry plates, reduced from 40 per cent to 25 per cent, the result of which has been that English plates have been brought into this country in large quantities and are competing with American plates to a very large extent.

Take the 5 by 7 size, which is the standard, as an example; they cost us about 53 cents a dozen to make. English plates are sold here in this country at 50 cents a dozen. The 3½ by 4 lantern slides, English make, are sold at 22 cents a dozen in this country, whereas it costs us about 27 cents a dozen to manufacture. You gentlemen can therefore readily appreciate the fact that we are placed at a marked disadvantage in trying to compete with foreign goods. All we ask is that the committee rectify this injustice which has been done us.

I do not know that I have anything else to say, Mr. Chairman. I know that your time is valuable and I do not want to trespass.

The CHAIRMAN. You have covered all these points in your brief?

Mr. CRAMER. I will do so. How soon do you want to have the brief?

The CHAIRMAN. To have it printed in the record—and it is better to have it printed in the record—you should file it by Saturday. If it is not printed in the record we are apt to overlook it.

Mr. CRAMER. The only reason I am not prepared to file that brief now is because I want to get the exact amount of imports of the English plates, showing how they have increased since the Payne-Aldrich bill was enacted, and in order to do that I will have to go to New York and get the information right from the customhouse.

The CHAIRMAN. Furnish it to the clerk of the committee by Saturday and it will go in the record.

Mr. CRAMER. Yes, sir. I am very much obliged.

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

BRIEF OF F. ERNEST CRAMER, ST. LOUIS, MO.

NEW YORK, *January 13, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: Confirming the argument made by myself before your honorable committee yesterday afternoon, and in compliance with your request to file a brief embodying my statements to you, I respectfully submit the following facts bearing on the question of the duty levied by the United States Government on foreign dry plates, under the Payne-Aldrich tariff:

Taking the 5 by 7 plate, which is the standard size, as an illustration, the figures show that the English plates of this size are being billed at a list price of 3 shillings, or 72 cents per dozen. From this the dealer receives a discount of 50 per cent, making the net price 36 cents per dozen. Adding to his the ad valorem duty of 25 per cent fixed by the present tariff bill, brings the price to the dealer at 45 cents per dozen, enabling him to sell these plates at 50 cents per dozen, whereas our actual cost on the same size is 53 cents per dozen, this being due to the fact that we are obliged to pay heavy duties on our raw materials, such as glass and gelatin, neither of which is made in this country, and due to the further fact that the wages paid in England amount to only 25 per cent of those which are paid in America for the same class of work. You can therefore readily appreciate the fact that the difference between the price at which 5 by 7 English plates are sold in this country, namely, 50 cents per dozen, and the price of 58 cents, which is our selling price, discriminates largely against the American manufacturer. As a further evidence of the inroads which are being made on our business by the foreign plates, I desire to submit the following figures, which I obtained this morning from the collector of customs in New York. You will note that same show a constant increase in the amount of English plates imported into this country during the last five years.

Year.	Value.
1908.....	\$66,162.00
1909.....	121,880.85
1910.....	134,883.00
1911.....	178,141.85
1912.....	210,510.85

Every dollar of sales represented by the foreign plate means just that much less revenue for the American manufacturers, who are supporting this Government by contributing largely to its tariff in the shape of duty on raw materials, corporation tax, and other items, and therefore claim your protection against goods of foreign manufacture.

I tried this morning to find out the exact price at which the English plates were being imported into this country, but was unable to get this information from the appraiser here on the ground that this was confidential and that he could not impart it to me except by your directions. The importers here also refused to give me this information. I therefore immediately wired you asking for this authority, so as to enable me to embody an accurate statement of the importation of foreign plates in this brief. Up to the present time I have received no reply from you to this message, and therefore can not wait any longer in as much as you asked to have this information by to-morrow. However, I have every reason to believe that the information contained above is accurate. Mr. Higgins, the local appraiser, promised to write you, giving you the full data, which you will have doubtlessly received by the time this letter reaches you.

The Canadian Government has established the following duty on dry plates, according to Schedule A, Item 659 of the Canadian tariff; 20 per cent on the English plates, which list at 72 cents per dozen in the 5 by 7 size and are billed at 50 per cent off to the dealer, making the total to the dealer 43 cents per dozen, whereas the American plates are billed at discounts of 35 and 10 per cent off the list price of \$1.10 for the 5 by 7 size, making 65 cents, on which the Canadian importer is obliged to pay a duty of 30 per cent ad valorem, amounting to 19 cents, which, added to the price at which the plates are billed to him, brings the cost up to 84 cents per dozen, as compared with 43 cents, the price of the English plates, or almost twice as much. You can therefore see that the Canadian Government is protecting the English manufacturers

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

as against the American manufacturers. In fact the difference in duty has practically killed the sale for American plates in Canada.

In view of the facts stated above, and as a representative of the dry-plate interests in this country, I would respectfully suggest that the new tariff on dry plates be placed at 50 per cent ad valorem instead of 25 per cent as heretofore. Even at this rate we will still be at a disadvantage as compared with the English plate, but the difference will not be near as great as it is now.

Submitting the above to your careful consideration and thanking you for the courtesy extended to me by your honorable committee, I remain,

Respectfully yours,

F. ERNEST CRAMER.

St. Louis, Mo., February 7, 1913.

HON. OSCAR W. UNDERWOOD,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: Referring to the letter which I wrote you on January 31 from our New York office, and also my brief, which was prepared at the same time, I desire to say that I am just in receipt of information from Mr. F. A. Higgins, the appraiser at the port of New York, in which he advises me that the wholesale foreign market value of 7 by 5 photographic plates is 2s. 9d. per dozen less 40 and 5 per cent discount. This would make the net cost of these plates, after adding the 25 per cent ad valorem duty, amount to 47 cents per dozen to the importer, instead of 45 cents per dozen as I mentioned in my brief.

The information which I embodied in my brief was based on the knowledge which was at my command at that time, and having now received the correct figures, I would respectfully ask that the change be made in my brief, so as to have the net price of the dealer show 47 cents per dozen on the 7 by 5 size instead of 45 cents.

With the exception of this slight correction, I see no reason to make any other change in the brief which was mailed you on January 31.

Yours, very truly,

F. ERNEST CRAMER.

TREASURY DEPARTMENT,
New York, N. Y., January 31, 1913.

THE CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

SIR: I beg to state that Mr. F. Ernest Cramer, vice president of the G. Cramer Dry Plate Co., St. Louis, Mo., called upon me to-day, stating that he had appeared before your committee on the 30th instant, and that he had been requested by the committee to ascertain for it the foreign market value of photographic dry plates, size 7 by 5 inches, and also the foreign market value of lantern slides.

I explained to Mr. Cramer that under the practice and restrictions of this office I was unable to furnish him the foreign market value of these goods as imported through this office, but that the information would be sent direct to the committee for such use as it deems proper.

I therefore have to advise that the present wholesale foreign market value of 7 by 5 photographic dry plates is 2 shillings 9 pence per dozen, less 40 and 5 per cent discount. These goods come from England.

The foreign market value of lantern slides, also from England, is 1 shilling per dozen, with 40 and 2½ per cent discount.

Respectfully,

F. A. HIGGINS,
Appraiser.

THE RAW FILM SUPPLY CO., NEW YORK, N. Y., CONCERNING TARIFF ON MOVING-PICTURE FILMS.

New York, N. Y., January 29, 1913.

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We would respectfully ask this committee to consider the question of the tariff on the importation of raw film used for the manufacture of moving pictures. As an importer of this article we pay a duty of 25 per cent on the value, and this amount we charge to all the manufacturers of moving-picture films who are buying the film they require from us.

PARAGRAPH 474—PHOTOGRAPHIC PLATES.

We beg you to consider that the reduction of the tariff would help all these American manufacturers who are not buying their film from the Eastman Kodak Co., of Rochester, the only concern in the United States that manufactures this film, and consequently the reduction of tariff would be of no damage to anybody outside of the Eastman Kodak Co.

We therefore ask you to consider if this duty could be taken off, on the ground that it is a protection for the interest of only the above-mentioned concern and would be of benefit to the general trade.

Trusting this matter will receive your kind attention, we remain,

Respectfully, yours,

RAW FILM SUPPLY CO.,
M. A. STEVANI, *President.*

BRIEF OF THE MINNESOTA NATIONAL EXCLUSIVE FILM
EXCHANGE, MINNEAPOLIS, MINN.

MINNEAPOLIS, MINN., *February 24, 1912.*

MR. UNDERWOOD,
*Chairman, Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: I wish to acquaint you with a few facts concerning the cost of moving-picture film to prove that the present duty of $1\frac{1}{2}$ cents a linear foot is very exorbitant.

Film sells abroad at 8 cents a foot. Here it sells for 10 cents. I am referring to new film which is sold for the first time after produced. Such film is known to the trade as "releases." "Cold copies" is new film which has never been run through a machine, but released some time before. Used film is film that has been shown already, but for some reason, chiefly lack of trade or additional customers, a buyer has no further use for it and will therefore sell it. Used film can be bought abroad at from 1 to 3 cents a foot, but when the duty is 50 to 150 per cent it is impossible to buy it and make anything on it.

European manufacturers make a higher class film, use as good film (Eastman Co.'s goods), have a better class of actors. Bernhardt and Rejane act for motion pictures. Did you hear of an actress of the class of Maude Adams or Viola Allen acting for American-made moving pictures?

The supply of film in this country is in the hands of two trusts, only one of which will sell at all to anybody who wishes to buy; but no one can buy less than \$1,200 a week, and no one buying less than \$2,100 a week can buy any film elsewhere. If one should buy only \$1,200 a week and some manufacturer would make a splendid subject somewhere I would not be able to buy any more film, while my big competitor could buy it and increase his prestige among the renters of film at my expense. This trust not only dictates to buyers, but also dictates to manufacturers who are not in it. It is using Standard Oil methods there. It squeezes both the producer and consumer.

I would suggest that in the interest of liberty of trade and to loosen the hold on monopoly which will ultimately grip the business, and that very shortly, unless the European product is brought within reach of those who would engage in the business, that 20 to 25 per cent should be made the duty on used film.

Conditions in the trade are such that film used is mostly secondhand. It passes from one exhibitor to another, and gets somewhat damaged in use. The more it is used the less its value. First, it loses in value because of its age (people have seen it already and the large theaters will not use any film which has already been shown), then it loses in value on account of physical condition. It takes about \$50,000 with which to start in the film rental business if one is to buy new film; and if he does he takes the large risk of having the film depreciate in value through age alone. For example, if I buy a reel of film for \$100 and rent it to only one man as soon as I got it and have no other customer for 30 days that film has lost half of its value because it is in use by others for that length of time.

You can readily see that the losses are tremendous in this business (from the buyer's position), and yet the buyer has no chance to get films elsewhere. With the duty at the right figure I can import film which has never been used or film if used has never been shown in this country. Old film will not depreciate in value as rapidly as new, and consequently because of its more safer nature there will be more buyers and the public will have better entertainment.

Truly, yours,

L. GILBERT COHEN.

PARAGRAPH 475—PIPES AND SMOKERS' ARTICLES.

BRIEF OF THE PHOTOGRAPHERS' COPYRIGHT LEAGUE OF AMERICA.

NEW YORK, January 28, 1913.

HON. OSCAR W. UNDERWOOD,

Chairman Ways and Means Committee, Washington, D. C.

SIR: We respectfully submit the following facts regarding the importation of photographic negatives or dry plates exposed or developed and ask the removal of duty from this article and its inclusion in the free list:

1. This article is included in paragraph 474 of Schedule N of the present law under the phrase, "Photographic: Dry plates or films not specially provided for, 25 per cent ad valorem." We request that the phrase have added to it the exception, "except photographic negatives or transparencies developed or exposed," and that the free list include the phrase, "photographic negatives or transparencies developed or exposed."

2. These articles are brought here for the sole purpose of manufacturing prints therefrom in the United States. Three cases occur. The first is that of the developed negative, which is used directly without further manipulation as a printing tool from which to make photographic prints. The second case is that of the exposed or undeveloped negative. In that case the development is completed within the United States and the resultant developed negative is used for printing as in the first case. The third case is that of the transparency, which is generally made from a foreign existing negative and then imported for the purpose of making what is called a "duplicate negative," so that the printing may be performed here by such duplicate negative in case the original can not be imported. All of these articles are imported for the purpose of performing the print manufacture within the United States instead of doing the print manufacture abroad and then importing the prints.

3. In the case of all foreign scenes, such as an architectural view of a cathedral or abbey or an art reproduction of a statue or a painting in which the original is located abroad, it is absolutely necessary that the dry plate, or photographic negative, be exposed abroad. Neither the painting nor the cathedral can be moved within the United States to do this work. The photographer must go to the place. The imposition of a duty upon these articles tends to prohibit the American manufacture of such reproductions. In the case of carbon photographs, which are commonly used for art reproductions and fine architectural, the American maker not only pays the duty on the negative, or working tool, with which the printing is done, but he also has to import his carbon tissue and pay a duty on that, and, in addition, pay a much higher wage scale. The result is that fully 90 per cent of the prints of that description which are used in this country are made abroad.

4. Reduction of duty will not injure any existing industry, but will increase the making of prints in the United States.

Very respectfully, yours,

B. J. FALK, *President.*

PARAGRAPH 475.

Pipes and smokers' articles: Common tobacco pipes and pipe bowls made wholly of clay, valued at not more than forty cents per gross, fifteen cents per gross; other tobacco pipes and pipe bowls of clay, fifty cents per gross and twenty-five per centum ad valorem; other pipes and pipe bowls of whatever material composed, and all smokers' articles whatsoever, not specially provided for in this section, including cigarette books, cigarette-book covers, pouches for smoking or chewing tobacco, and cigarette paper in all forms, sixty per centum ad valorem.

PIPES AND SMOKERS' ARTICLES.

BRIEF OF THE AMERICAN CLAY PIPE WORKS (INC.).

AMERICAN CLAY PIPE WORKS, INC.,

January 25, 1913.

The Honorable OSCAR W. UNDERWOOD,

*Chairman of the Ways and Means Committee,**House of Representatives, Washington, D. C.*

DEAR SIR: With the understanding that your honorable committee has under consideration the revision of the present tariff, we herewith beg to submit to you statements of the relative cost of manufacturing our product, namely, clay tobacco

PARAGRAPH 475—PIPES AND SMOKERS' ARTICLES.

pipes, under Schedule N, as produced in New York State as compared with the cost of producing the same article in Glasgow, Scotland. In the hearing granted us by previous committees the question of the difference in cost of labor in Scotland and the United States has never been fully recognized, and we have been protected with a specific duty of 15 cents per gross on an article costing 40 cents or less manufactured abroad.

Our statement shows the cost of producing common clay pipes in both New York and Scotland, the different operations gone through to make a pipe, as well as the difference in the various costs both here and abroad. We have based our figures on the lowest cost of labor available in this country and have figured the highest respective cost of labor available in Scotland. The total of both results show a difference of about 20 cents a gross, not including overhead or fixed charges. Therefore Scotch manufacturers at the present rate of duty have an advantage of about 5 cents a gross, less freight charges, etc., of about $1\frac{1}{2}$ cents, not including fixed costs.

COST OF MAKING FANCY CLAY PIPES WITH MOUNTINGS.

We also inclose two statements showing the relative cost of producing a fancy clay pipe in New York and in Scotland and have selected for this purpose a style, namely the calabash shape of clay, which is at present in greatest demand. The American manufacturer is protected on this article by a specific duty of 50 cents per gross and an additional ad valorem duty of 25 per cent. In drawing up this statement we have also shown the entire process of manufacture, the result of which shows a difference of \$1.65 per gross, less duty, without including fixed charges.

In submitting these statements we wish to call your attention that statements submitted to previous committees have been based on the relative cost of molding and trimming only and did not include the other operations, which are just as important. The greatest factor in our industry is the question of labor, and in this respect we compare with Scotland as follows:

A good pipe molder in New York earns on the average \$2 per day, whereas in Scotland the time work is based on the rate of 24 to 25 shillings per week, or about \$1.09 a day.

A trimmer (trimming, an operation to remove molding faults) in Scotland earns about 6 to 8 shillings (\$1.44 to \$1.84) a week, whereas in New York they earn from \$6 to \$8.

In Scotland boys and girls can also be employed at the rate of 6 to 8 shillings per week, whereas in New York boys can not be had at all, for the reason that wages are not attractive, and girls earn not less than \$5 a week for work performed in Scotland for 6 to 8 shillings.

We wish to add that the Scotch figures are the only ones which we have been able to obtain, and, while we do not know the conditions in France and Holland, we understand that labor there is still more cheap.

This also applies to Germany, where pipe makers do not work regularly at the trade. In Germany pipe makers work in the fields planting or gathering the harvest until the weather compels them to keep indoors. At this season the farm hands or peasants apply at the pipe manufacturing plants for molds of pipes needed. They then build their own kilns and make the sagars in which to place the pipes preparatory to burning them, then mold and trim enough to fill the kiln and after firing the pipes, deliver them at the factory and collect the amount due them for their labor. This condition places in the hands of German pipe manufacturers very cheap labor, for the reason that the workman is willing to earn a small amount rather than sit idle during the time when he can not work at his occupation on the farms.

As an example we quote the article known as the red clay pipe assortment composed of about eight different styles on which the cost of production in this country would be about from 95 cents to \$1 and which article is landed in this country, duty paid (15 cents per gross, specific), $67\frac{1}{2}$ cents a gross f. o. b. dock.

We especially mention the German condition for the reason that we have not been able to compete with their goods in the market. Our entire output is sold mainly to small jobbers and retailers at the same price asked for by the large jobbing houses, who have imported the article from Germany.

In summing up we believe that a specific import duty of 25 cents per gross on clay pipes costing 40 cents or less abroad and an import duty of 50 cents per gross specific and 40 per cent ad valorem per gross on clay tobacco pipes or bowls costing more than

PARAGRAPH 475—PIPES AND SMOKERS' ARTICLES.

40 cents per gross would enable us to compete in the open market without increasing the price to the jobber, retailer, or consumer.

Submitting our brief to your honorable body, we remain,

Respectfully, yours,

AMERICAN CLAY PIPE WORKS, Inc.,
O. M. ERK, Secretary.

Cost of making fancy clay pipes in New York.

Cost of clay per ton (2,240 pounds) f. o. b. dock.....	\$12. 00
Freight, 9 cents.....	2. 016
Cartage.....	. 050
Total.....	14. 516
Cost per gross 13½ pounds to a 16 dozen gross.....	\$0. 0859
Soaking and milling per ton (2,000 pounds), one day's work at \$2 per day, 13½ pounds to gross; cost per gross.....	. 0133
Molding, piece work per 16 dozen gross.....	. 75
Trimming, piece work per 16 dozen gross.....	. 18
Potting and filling kiln, 20 hours work, at 20 cents (140-16 dozen gross to kiln).....	\$4. 00
Burning kiln, 5 hours work, at 20 cents (140-16 dozen gross to kiln) .	1. 00
Emptying kiln, 2½ hours work, at 20 cents (140-16 dozen gross to kiln).....	. 50
Total (27½ hours work).....	5. 50
Cost per gross 140-16 dozen gross to kiln.....	. 0393
Firing kiln, fuel 1,200 pounds, at \$7.25 per ton to burn 140-16 dozen gross, per gross.....	. 0335
Total cost of 16 dozen (rough).....	1. 1020
Total cost of 12 dozen (rough).....	. 8265
Polishing, 15 cents per gross, piece work.....	. 15
Varnishing, 30 cents per gross, piece work.....	. 30
Ferrules, at 50 cents per gross, (45 per cent import duty included).....	. 50
Rubber bits, \$2.20 per gross (60 per cent import duty included).....	2. 20
Assembling, 10 gross per day, at \$1.....	. 10
Packing, 40 gross per day, at \$1.....	. 025
Cost of 12 dozen finished.....	4. 1015
Cost does not include heat, drying, nor cost of polishing paper or varnish.	

Cost of making fancy clay pipes in Scotland.

	s.	d.
Cost of clay per ton (2,240 pounds) at pit.....	14	6
Freight.....	5	6
Cartage.....	1	6
Total.....	21	6
Figuring 13½ pounds to 16 dozen, cost per gross.....	\$5. 16	
Soaking and milling per ton (2,000 pounds), one day's work at 25s. per week, \$1. 09 per day, cost per gross.....	\$0. 0305	
Molding, 1s. 6½d., piecework, per 16 dozen gross.....	. 0072	
Trimming, 5d., piecework, per 16 dozen gross.....	. 37	
Potting and filling kiln, 2 days' work.. 20 hours,	. 10	
Burning kiln, 5 hours' work..... 5 hours,		
Emptying kiln, 2½ hours' work..... 2½ hours,		
Total..... (27½ hours, 25s. per week, or \$1.09 per day), cost per 16 dozen gross.....	. 0214	
Firing fuel, 1,200 pounds coal at 16d. per ton, or \$3.84 per 140-16 dozen gross.....	. 0164	
Cost of 16 dozen.....	. 5455	

PARAGRAPH 475—PIPES AND SMOKERS' ARTICLES.

Cost of 12 dozen	\$0.4091
Polishing, 7d. per gross, 12 dozen	.14
Varnishing, 7d. per gross, 12 dozen	.14
Ferrules, 50 cents per gross American cost (less 45 per cent duty)	.345
Rubber bits, \$2.20 per gross American cost (less 60 per cent duty)	1.375
Assembling, 10 gross per day at 6s. to 8s. per week, \$0.3344 per day	.0254
Packing, 40 gross per day at 6s. to 8s. per week, \$0.3344 day, 35 per day	.0084
	2.4429

Cost does not include heat, drying, polishing paper, or varnish.

Cost account showing the cost of production of a common clay pipe in New York.

Clay, per ton (2,240 pounds), f. o. b. dock	\$12.00
Freight, 9 cents	2.016
Cartage	.50
Total	14.516
Figured at 11½ pounds per gross	.0745
Soaking and milling per ton, 2,000 pounds, 1 day's work, at \$2	.0115
Molding, per gross, piecework, 29 to 30 cents, average	.295
Trimming, per gross, piecework, 7 to 9 cents, average	.08
Potting and filling kiln, 2 days' work, at \$2, figured at 160 gross to kiln	\$4.00
Burning kiln, 5 hours' work, at 20 cents	1.00
Emptying kiln, 2½ hours' work, at 20 cents	.50
	.0344
Firing kiln, cost of coal, at \$7.25 per ton, figuring 1,200 pounds, burn 160 gross	.0272
Packing pipes, average packing 100 1-gross boxes or 50 3-gross boxes per day; average, 125 gross, equaling 93½ pipe makers' gross, at \$2	.0213
16 dozen, cost	.5439
12 dozen, cost	.4079

Cost account showing the cost of production of a common clay pipe in Scotland.

	s.	d.	Cost per gross.
Cost of clay, per ton (2,240 pounds), at pit	14	6	
Freight	5	6	
Cartage	1	6	
Total	21	6	(\$5.16)
Figuring 11½ pounds to a 16-dozen gross			\$0.0264
Soaking and milling, per ton (2,000 pounds), 1 day, at 25s. per week, \$1.09 per day			.0063
Molding, per gross. 8d., 1f., piecework, 16-dozen gross			.1625
Trimming, per gross, 2d., 1f., piecework, 16-dozen gross			.045
Potting and filling kiln, 20 hours' work; burning kiln, 5 hours' work; emptying kiln, 2½ hours' work; total of 27½ hours, 10 hours to a day, at \$1.09 per day (figured 160-16 dozen gross to kiln)			.0109
Firing kiln, coal at 16s. per ton, or \$3.84, figuring 1,200 pounds to fire 160 gross			.0144
Packing pipes, average day's work, 100 1-gross boxes or 50 3-gross boxes or 150 gross; average of 125 12-dozen gross per day or 93½ 16-dozen gross per day; a cost of 8s. per week, or \$1.92, in 10 hours work			.0037
Cost of 16 dozen			.2692
Cost of 12 dozen			.2019

PARAGRAPH 475—PIPES AND SMOKERS' ARTICLES.

BRIEF OF THE DIAMOND MILLS PAPER CO., NEW YORK,
N. Y., ET AL.

To the Committee on Ways and Means, House of Representatives, Washington, D. C.:

The undersigned are manufacturers of tissue papers and certain special high-grade and light-weight papers.

They desire to make the following suggestions in regard to said paragraph 475:

SCHEDULE N, PARAGRAPH 474.

"475. *Pipes and smokers' articles.*—Common tobacco pipes and pipe bowls made wholly of clay, valued at not more than 40 cents per gross, 15 cents per gross; other tobacco pipes and pipe bowls of clay, 50 cents per gross and 25 per cent ad valorem; other pipes and pipe bowls of whatever material composed, and all smokers' articles whatsoever, not specially provided for in this section, including cigarette books, cigarette book covers, pouches for smoking or chewing tobacco, and cigarette paper in all forms, 60 per cent ad valorem."

We also beg to refer to the item of cigarette papers included in Schedule N, paragraph 475, "Pipes, smokers' articles, etc." It is respectfully suggested that this is the paragraph where it properly belongs, but no less duty than 60 per cent ad valorem, the rate assessed under the present tariff, will enable domestic manufacturers to compete with the foreign producer. The importation of these articles amounted in value for the fiscal year ending June 30, 1912, to \$600,972.50, with duties amounting to \$350,583.50.

It is a well-known fact that the proportionate cost of labor is much greater in all paper mills making tissue paper or other high grade and expensive papers than in those making the cheaper grades.

The following comparisons indicate the conditions of our market, as contrasted with those of Germany, which country would be the chief gainer by lowering the tariff on these grades of paper.

The statistics as to German wages are obtained from the report of the German Imperial Government supplying labor items of German mills for the year 1910, as incorporated in the report of the United States consul general, Robert P. Skinner.

[In cents per hour.]

	Germany.	America.
Skilled labor.....	8-16	25-50
Unskilled labor.....	6-11	13-25

In addition to which, labor in America works shorter hours than similar labor in Germany. This is strong proof that labor has obtained a large share of benefit from the present tariff act, and if the tariff is reduced on these papers labor must eventually give up a portion of its gain.

We most earnestly request that the present method of having a specific duty as well as ad valorem duty be continued on these papers, because from our experience we have found that when an ad valorem duty only is to be collected, there is a constant temptation to importers to undervalue goods, thus causing great hardship and loss to the American manufacturer and honest importer, also a loss of revenue to the Government on account of smaller duties paid.

We earnestly hope that your honorable committee will adopt the above suggestions and thus maintain an important industry.

DIAMOND MILLS PAPER CO., *New York, N. Y.*

SMITH PAPER CO., *Lee, Mass.*

C. H. DEXTER & SONS, *Windsor Locks, Conn.*

THE ANCHOR MILLS PAPER CO., *Windsor Locks, Conn.*

THE ANCRAM PAPER MILLS, *New York, N. Y.*

FRANKLIN PAPER MILLS CO., *Jersey City, N. J.*

JERSEY CITY PAPER CO., *Jersey City, N. J.*

JOHN R. & JOHN H. BUCK,
Attorneys.

PARAGRAPH 476—AGRICULTURAL MACHINERY.**BRIEF ON BEHALF OF THE IRISH INDUSTRIAL ASSOCIATION
OF NEW YORK CITY, N. Y.**NEW YORK, *January 30, 1913.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Irish Industrial Association of New York City, a commercial body of American citizens, representing an important interest as importers and dealers in foreign and domestic pipes and smokers' articles in the United States of America, respectfully submits to the consideration of this honorable committee for adoption the recommendation respecting duties on said articles coming under Schedule N sundries (par. 475).

The present duty on common tobacco pipes and pipe bowls of clay, valued not more than 40 cents per gross, is 15 cents per gross; other, 50 cents per gross and 25 per cent. Pipes and pipe bowls of whatever materials composed, and all smokers' articles whatsoever not specially provided for, including cigarette books, cigarette book covers, pouches for smoking or chewing tobacco, and cigarette paper in all forms, 60 per cent.

We believe, in the interest of ourselves and the users of smoking pipes, etc., that the above duties are exorbitant, for the reason that the French brierwood is the only wood in existence which is practical for a useful pipe, and nothing has been found in this country which could be applied as a substitute, hence putting a high duty on articles which can not be produced in this country is entirely injuring the public and deprives the United States Treasury of customs duties, as it substantially prohibits their importation and prevents them from purchasing something which this country does not produce. As to the common clay pipes and all other pipes, we think that the duty of 15 cents per gross as a specific duty is excessive, for the labor in Europe now is scarce and the wages are much higher than what they were a few years ago, and we therefore submit to this honorable committee a request to lower the duty on the above-mentioned articles.

Respectfully submitted.

IRISH INDUSTRIAL ASSOCIATION OF NEW YORK,
By J. M. SULLIVAN,
EMILIO YASELLI,
H. WINSHIP WHEATLEY,
Attorneys.

PARAGRAPH 476.

Plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, thrashing machines, and cotton gins, fifteen per centum ad valorem: Provided, That any of the foregoing, province or colony which imposes no tax or duty on like articles imported from the United States, shall be imported free of duty.

AGRICULTURAL MACHINERY.**STATEMENT FILED BY FRANCIS J. LOWE, NEW YORK, N. Y.**NEW YORK CITY, *January 28, 1913.*

Schedule: Free list. Subject: Agricultural machinery.

GENTLEMEN: You are urgently requested to report favorably the placing of all agricultural implements and machinery manufactured or controlled by the so-called Harvester Trust on the free list.

It would be advisable to limit the period to two years, as by that time importations of foreign-made agricultural implements and machinery would be sufficient to break this monopoly.

There is a provision in the present tariff law allowing "free of duty farm machinery manufactured in countries at present not charging any duty on similar goods shipped from the United States." This provision was placed there at the request of one of our Senators from the West. In view of the fact that Holland, known as the country of windmills, is about the only place to which agricultural machinery can be shipped or imported on the condition named, and, as it is impossible to find a factory there manufacturing implements and machinery, the provision in tariff law is of no avail. I also understand that the Fiji Islands come under such a provision, but it is more profitable to ship Bull Durham than any other commodity.

PARAGRAPH 478—UMBRELLAS.

In view of the fact that the Bull Moose fattened largely on Harvester pastures, it is now about time to use the acid test on the Harvester Corporation. It is up to the Democratic Party to do its duty. It has been shown by the Government suit against the Harvester Co. at Chicago that 90 per cent of the reapers, binders, and mowers manufactured in the United States of America are owned or controlled by the Harvester Trust. This concern can dissolve and reorganize in 24 hours to conform to the decisions of the courts, the same as Standard Oil and other philanthropic institutions. Place harvesters and other machinery controlled by this corporation on the free list and England, Germany, as well as Canada, will flood the market here with first-class machinery. If such articles are placed on the free list I am in a position to inform your committee that three of the largest concerns in Germany stand ready to ship reapers, binders, mowers, and other agricultural tools delivered on any farm in the United States at the same prices charged by the Harvester Trust for American machinery delivered in Australia, Africa, and Europe to foreign farmers by the Harvester Trust, and which prices are 30 per cent less than charged the American farmers by this same trust.

Furthermore, in view of the fact that the so-called Steel Trust delivered iron and steel used in the construction of farm machinery to the so-called Harvester Trust at \$3 a ton less than supplied independent factories, your committee should place plow parts, binder and reaper parts, and other repairs for farm machinery on the free list in order that the American farmer can secure some redress for the present exorbitant prices.

Trusting that you will give this matter due consideration, I remain,

Respectfully, yours,

FRANCIS J. LOWE,
Maritime Ex. Building, New York City.

PARAGRAPH 477.

Plush, black, known commercially as hatters' plush, composed of silk or of silk and cotton, such as is used exclusively for making men's hats, ten per centum ad valorem.

PARAGRAPH 478.

Umbrellas, parasols, and sunshades covered with material other than paper or lace, fifty per centum ad valorem. Sticks for umbrellas, parasols, or sunshades, and walking canes, finished or unfinished, forty per centum ad valorem.

UMBRELLAS.

MEMORANDUMS SUBMITTED BY NEW YORK FIRMS.

NEW YORK, N. Y., January 15, 1913.

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

DEAR SIR: In answer to your letter of the 11th instant I herewith inclose you a memorandum which I have gone over very carefully, which would protect us more than the present rate of duty, as in the last few years our manufacturing industry has been very much hurt on account of the low rate of duty, and if the duty was raised according to my memorandum I think we would have a fair competition against the European market.

In regard to umbrellas, you will notice from the imports that there is little or no competition in this branch against our American manufacturers, and we would advise to have the duty remain.

Any further information I will be more than pleased to give at any time to any representative who might call on us.

Yours, very truly,

ARTHUR W. WARE & Co.

[Inclosure.]

	Per cent.
Walking sticks, bent, finished, and ferruled.....	50
Umbrella handles.....	45
Electric light canes.....	40
Umbrella canes.....	40
Novelties of any kind.....	40
Rough woods.....	Free.
Rough woods:	
Stained and not bent, cut in squares.....	Free.
Same in handles.....	Free.

PARAGRAPH 479—TINPLATE SCRAP.NEW YORK, *January 30, 1913.***UMBRELLAS AND PARASOLS.**

The present duty is 50 per cent on umbrellas, parasols and sunshades covered with materials other than paper or lace. (See par. 478, Schedule N.)

The duty on silks and covers of various kinds average higher than 50 per cent. This is, obviously, unfair, as the present tariff certainly favors the importation of the manufactured article by making this discrimination.

Example (parasols).—Pongee silk pays a duty of 80 to 120 per cent; but parasols made of this pongee pay a duty of only 50 per cent.

Example (umbrellas).—Silks and silk and cotton mixed goods used in the manufacture of umbrellas pay a duty as high as 83 per cent. The umbrellas made of these materials pay a duty of only 50 per cent.

We ask you to keep this in mind when forming the new bill, and beg you to adjust these differences.

ALLISON & LAMSON.

PARAGRAPH 479.

Waste, not specially provided for in this section, ten per centum ad valorem.

TINPLATE SCRAP.**BRIEF OF THE REPUBLIC CHEMICAL CO., PITTSBURGH, PA.**PITTSBURGH, PA., *January 15, 1913.*

HON. OSCAR A. UNDERWOOD,

House of Representatives, Washington, D. C.

DEAR SIR: We beg to submit that "tinplate scrap unfit for remanufacturing" be placed upon the free list. It is now classed as waste not otherwise specified and pays 10 per cent duty.

Tinplate scrap is the waste made from tinplate in manufacturing cans, tinware utensils, and other articles. It is used exclusively by detinning plants for the purpose of recovering the component metals, viz., steel scrap and tin. The quantity of this tinplate scrap manufactured in the United States is insufficient to supply the requirements and the capacity of the American detinning plants. A quantity of the material is imported each year from Canada and Mexico. In both these countries the American buyer encounters the competition of the European detinning plants, who are able to outbid the American manufacturer on account of the lower cost of chemicals and very much lower cost of labor in Europe and especially in Germany. As labor, owing to the great bulk of the material, forms a large part of the cost of converting it, the European detinner has very much the advantage of cost of manufacture.

The freight to Europe from Canadian points such as Montreal, Halifax, etc., and still more so from Mexican points, is less than the railroad freight which we have to pay from these points to the American factories—for instance to Pittsburgh.

The products of a detinning plant are steel scrap and pig tin or tin compounds. The present value of tinplate scrap in Canada is about \$21 per ton and the duty assessed at 10 per cent is \$2.10 per ton. Considering that the product of the detinning plant, viz, pig tin, is admitted free of duty and steel scrap at a very much lower rate than \$2.10, it seems anomalous to tax the raw material while admitting the product free of duty or at a lower rate. We therefore earnestly request that tinplate scrap be placed where it properly belongs, viz, upon the free list.

Yours very respectfully,

REPUBLIC CHEMICAL CO.,
Per A. KERN.

PARAGRAPH 480.

That there shall be levied, collected, and paid on the importation of all raw or unmanufactured articles, not enumerated or provided for in this section, a duty of ten per centum ad valorem, and on all articles manufactured, in whole or in part, not provided for in this section, a duty of twenty per centum ad valorem.

PARAGRAPH 481.

PARAGRAPH 481.

That each and every imported article, not enumerated in this section, which is similar, either in material, quality, texture, or the use to which it may be applied, to any article enumerated in this section as chargeable with duty, shall pay the same rate of duty which is levied on the enumerated article which it most resembles in any of the particulars before mentioned; and if any non-enumerated article equally resembles two or more enumerated articles on which different rates of duty are chargeable there shall be levied on such nonenumerated article the same rate of duty as is chargeable on the article which it resembles paying the highest rate of duty; and on articles not enumerated, manufactured of two or more materials, the duty shall be assessed at the highest rate at which the same would be chargeable if composed wholly of the component material thereof of chief value; and the words "component material of chief value," wherever used in this section, shall be held to mean that component material which shall exceed in value any other single component material of the article; and the value of each component material shall be determined by the ascertained value of such material in its condition as found in the article. If two or more rates of duty shall be applicable to any imported article it shall pay duty at the highest of such rates.

This concludes the hearings on Schedule N.

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